161 U.S. 355

161-355

RECORD, CASE No. 14,968.

SUPREME COURT OF THE UNITED STATES.

OCTOBER TERM, 1891.

TERM No., ~~1491.~~ 1011 700 364

FRANK W. SMITH, JAMES E. M. STOUGHTON, AND BENJAMIN M. PAYNE, FORMERLY DOING DUSINESS UNDER THE FIRM NAME OF SMITH, STOUGHTON & PAYNE, APPELLANTS,

vs.

GORDON McKAY, AS TRUSTEE FOR THE McKAY SEWING MACHINE ASSOCIATION.

APPEAL FROM THE CIRCUIT COURT OF THE UNITED STATES FOR THE DISTRICT OF MASSACHUSETTS.

FILED JANUARY 18, 1892.

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1 *Transcript of Record.*

UNITED STATES OF AMERICA, } ss:
District of Massachusetts, }

At a circuit court of the United States for the first circuit, begun and holden at Boston, within and for the district of Massachusetts, on Thursday, the fifteenth day of October, in the year of our Lord one thousand eight hundred and ninety-one, before the Honorable Le Baron B. Colt, circuit judge.

GORDON MCKAY, Trustee, Complainant,
v.
FRANK W. SMITH *et al.*, Defendants. } No. 2081. Equity.

The bill of complaint in this cause was filed in the clerk's office on the twenty-second day of September, A. D. 1884, and was duly entered at the May term of this court, A. D. 1884, and is in the words and figures following:

2 *Bill of Complaint.* (*Filed September* 22, 1884.)

To the honorable the judges of the circuit court of the United States for the district of Massachusetts:

Gordon McKay, of Newport, in the State of Rhode Island, and a citizen of said State, trustee for the McKay Sewing Machine Association, brings this his bill against Frank W. Smith, J. E. M. Stoughton, and B. M. Payne, all of South Abington, in the county of Plymouth, in the Commonwealth of Massachusetts, shoe manufacturers, doing business as copartners in said South Abington under the firm name and style of Smith, Stoughton & Payne, and all citizens of said State of Massachusetts.

1. And thereupon your orator complains and says that, prior to the 14th day of August, A. D. 1860, one Lyman R. Blake, a citizen of the State of Massachusetts and of the United States, was the true, original, and first inventor of certain new and useful improvements in the manufacture of boots and shoes, not known or used before his invention thereof and which at the time of his application
3 for letters patent, afterwards granted him therefor as hereinafter set forth, had not been in public use or on sale with his consent and allowance for more than two years prior to said application; that said Blake, so being the sole and original inventor of said improvements, applied for letters patent of the United States therefor according to law, and on said 14th day of August, A. D. 1860, letters patent of the United States, executed in due form of law and numbered 29561, for his invention or discovery were issued to the said Blake, whereby there was secured to the said Blake, his legal representatives and assigns, for the term of fourteen years from said fourteenth day of August, 1860, the full and exclusive right of

making, selling, using, and vending to others the said improvements.

That thereafter, upon the due application of the said Blake, the said letters patent were duly extended to the said Blake by authority of law upon the 13th day of August, A. D. 1874, for the term of seven years from and after the expiration of the original term for which said letters patent were granted; and thereafter, to wit, on the first day of March, 1875, the said Blake, by his instrument in writing of that date, duly recorded and here in court to be produced, assigned to your orator all his right, title, and interest in and to said letters patent and the extended term thereof.

That thereafter and before the thirteenth day of January, 1880, your orator, for good and lawful cause and in compliance with the statute in such case enacted, surrendered the said extended letters patent unto the Commissioner of Patents and prayed that the same might be reissued on an amended specification and claims; that thereafter due proceedings were had on said application and all the requirements of the statute in such case made and provided were complied with, and on the said thirteenth day of January, 1880, the said Commissioner caused new and amended letters patent to be made out and delivered unto your orator, which are for an invention described and claimed in said original letters patent, are duly signed and sealed and dated the day and year last above written, and are numbered reissue 9043, and grant and secure to your orator,

4 his legal representatives and assigns, for the term of twenty-one years from the 14th day of August, 1860, the full and exclusive right and liberty of making, using, and vending to others the said invention which is described in said reissue No. 9043, as by said reissue No. 9043 or a duly authenticated copy thereof, in court to be produced, will more fully and at large appear.

2. Your orator further shows that prior to the fourteenth day of August, A. D. 1860, the said Lyman R. Blake, then being a citizen of the United States, was the true, original, and first inventor of certain improvements in boots and shoes, not before known or used and which had not at the time of his application for a patent been in public use or on sale with his consent or allowance for more than two years prior to said application; that said Blake, so being the original and sole inventor of said improvements, applied for letters patent of the United States therefor, according to law, and on said fourteenth day of August, A. D. 1860, letters patent of the United States, executed in due form of law and numbered 29562, for his invention or discovery, were duly issued to the said Lyman R. Blake, whereby there was secured to him, his legal representatives and assigns, for the term of fourteen years — said August 14, 1860, the full and exclusive right to make, use, and vend to others the said improvements, as by said letters patent or a duly authenticated copy thereof, here in court to be produced, will more fully and at large appear.

That thereafter, upon the application of said Lyman R. Blake, the said letters patent were duly extended, by authority of law, upon the thirteenth day of August, 1874, for the term of seven years from

and after the expiration of the original term for which such letters patent were granted; and thereafter, to wit, on the first day of March, 1875, the said Blake, by his instrument in writing of that date duly recorded and here in court to be produced, assigned to your orator all his right, title, and interest in and to said letters patent and the extended term thereof.

3. And your orator further shows that in August, 1860, the said Lyman R. Blake duly assigned said original letters patent No. 29561 and No. 29562 to your orator by his instruments in writing of that date, duly recorded in the Patent Office; and thereafter, to
5 wit, on the eighth day of May, 1874, your orator, by his instrument in writing of that date duly recorded in the Patent Office, duly reassigned both said letters patent to said Lyman R. Blake, who thereafter, on the first day of March, 1875, reassigned the same unto your orator, as hereinbefore set forth.

3½. And your orator further shows that prior to the 12th day of August, A. D. 1862, one R. H. Mathies and your orator, both then being citizens of the United States, were the true, original, and first inventors of certain improvements in sewing-machines, not before known or used and which had not at the time of their application for a patent been in public use or on sale with their consent and allowance for more than two years prior to said application; that the said Mathies and your orator, so being the original and sole inventors of said improvements, applied for letters patent of the United States therefor according to law, and on said 12th day of August, A. D. 1862, letters patent of the United States, executed in due form of law and numbered 36163, for their intention or discovery, were duly issued to the said R. H. Mathies and your orator, whereby there was secured to them, their legal representatives and assigns, for the full term of seventeen years from said 12th day of August, A. D. 1862, the full and exclusive right to make, use, and vend to others the said improvements.

That said Mathies and your orator, by their instruments in writing duly recorded in the Patent Office and to be here in court produced, duly assigned to your orator, as trustee as aforesaid, all their right, title, and interest in and to said inventions and said letters patent.

That thereafter and prior to the 6th day of July, A. D. 1875, your orator, for good and lawful cause and in compliance with the statute in such case enacted, surrendered the said letters patent No. 36163 unto the Commissioner of Patents and prayed that the same might be reissued on an amended specification and claim; and thereafter due proceedings were had on said application and all the requirements of the statute in such case made and provided were complied with, and on the said 6th day of July, A. D. 1875, the said Commissioner caused new and amended letters patent to be made out and delivered unto your orator, which are for an invention de-
6 scribed and claimed in said original letters patent, are duly signed and sealed and are dated the day and year last above written and are numbered reissue 6535, and grant and secure unto your orator, his legal representatives and assigns, for the term of

seventeen years from said 12th of August, A. D. 1862, the full and exclusive right and liberty of making, using, and vending the said invention which is described in said reissue 6535, as by said reissue No. 6535, or a duly authenticated copy thereof, to be here in court produced, will more fully and at large appear.

4. And your orator further shows that prior to the thirteenth day of December, A. D. 1864, the said Lyman R. Blake and your orator, both then being citizens of said State of Massachusetts and of the United States, were the true, original, and first inventors of certain improvements in sewing-machines, not before known or used and which had not at the time of their application for a patent been in public use or on sale with their consent and allowance for more than two years prior to said application; that said Blake and your orator, so being the original and sole inventors of said improvements, applied for letters patent of the United States therefor, according to law, and on said thirteenth day of December, A. D. 1864, letters patent of the United States, executed in due form of law and numbered 45422, for their invention or discovery, were duly issued to the said Lyman R. Blake and your orator, whereby was secured to them, their legal representatives and assigns, for the term of seventeen years from said thirteenth day of December, A. D. 1864, the full and exclusive right to make, use, and vend to others the said improvements.

That thereafter, to wit, on the eleventh day of October, 1866, the said Blake and your orator, by their instrument in writing of that date, duly recorded in the Patent Office and here in court to be produced, assigned to your orator, as trustee as aforesaid, all their right, title, and interest in and to said letters patent.

That thereafter and before the eleventh day of November, 1879, your orator, for good and lawful cause and in compliance with the statute in such case enacted, surrendered the said letters patent unto the Commissioner of Patents and prayed that the same might be reissued on an amended specification and claims; that there-
7 after due proceedings were had on said application and all the requirements of the statute in such case made and provided were complied with, and on said eleventh day of November, 1879, the said Commissioner caused new and amended letters patent to be made out and delivered unto your orator, as assignee of said Lyman R. Blake and your orator, which are for an invention described and claimed in said original letters patent, are duly signed and sealed and dated the day and year last above written and are numbered reissue 8960, and grant and secure unto your orator, his legal representatives and assigns, for the term of seventeen years from the thirteenth day of December, 1864, the full and exclusive right and liberty of making, using, and vending the said invention which is described in said reissue 8,960, as by said reissue No. 8960 or a duly authenticated copy thereof, in court to be produced, will more fully and at large appear.

5. And your orator further shows that prior to the sixth day of September, A. D. 1870, the said Lyman R. Blake, then being a citizen of the State of Massachusetts and of the United States, was the

true, original, and first inventor of certain other improvements in sole-sewing machines not before known or used, and which had not at the time of his application for a patent been in public use or on sale, with his consent and allowance, for more than two years prior to said application; that said Blake, so being the original and sole inventor of said improvements, applied for letters patent of the United States therefor, according to law, and on said sixth day of September, A. D. 1870, letters patent of the United States, executed in due form of law and numbered 107,155, for his invention or discovery were duly issued to said Lyman R. Blake, whereby there was secured to him, his legal representatives and assigns, for the term of seventeen years from said sixth day of September, 1870, the full and exclusive right to make, use, and vend to others the said improvements, as by said letters patent or a duly authenticated copy thereof, in court to be produced, will more fully and at large appear.

That thereafter, to wit, on the twenty-first day of November, A. D. 1870, the said Blake, by his instrument in writing of that date, duly recorded and here in court to be produced, assigned to your orator all his right, title, and interest in and to said letters patent.

8 6. Your orator further shows that prior to the first day of January, A. D. 1867, one Henry S. Vrooman, then being a citizen of the United States, was the true, original, and first inventor of certain improvements in channeling and feather-edging machines not before known or used and which had not at the time of his application for a patent been in public use or on sale with his consent and allowance for more than two years prior to said application; that said Vrooman, so being the original and sole inventor of said improvements, applied for letters patent of the United States therefor, according to law, and on said January 1, 1867, letters patent of the United States, executed in due form of law and numbered 60807, for his invention and discovery, were duly issued to the said Henry S. Vrooman, whereby there was secured to him, his legal representatives and assigns, for the term of seventeen years from the said January 1, 1867, the full and exclusive right to make, use, and vend to others the said improvements, as by said letters patent or a duly authenticated copy thereof, in court to be produced, will more fully and at large appear.

That thereafter, to wit, on the twenty-ninth of November, A. D. 1865, the said Vrooman, by his instrument in writing of that date duly recorded and here in court to be produced, granted to your orator exclusive license to use the said patented improvements.

7. Your orator further shows that immediately upon the issuing of each of said letters patent your orator introduced into public use the improvements therein respectively described, and that for several years prior to the granting of the license and lease to the defendants hereinafter set forth he had embodied each and all of said patented improvements in a sewing-machine for uniting the soles of boots and shoes to their vamps or uppers, well known to the public, and especially to manufacturers of boots and shoes, as the McKay

sewing-machine, and said machine was extensively used by shoe manufacturers in the manufacture of boots and shoes under licenses from your orator similar to that hereinafter referred to; all of which facts were and are well known to the defendants.

8. Your orator further shows that on or about the 23rd day of January, A. D. 1878, your orator, at the special request of the defendants, granted to them a written license signed by them and your orator and dated the 23rd day of January, A. D. 1878, for the use of the McKay sewing-machine, No. 1218, which machine embodied all the patented improvements aforesaid (except the improvement in channelers patented to said Vrooman), and also two channeling machines embodying said improvements patented as aforesaid to said Vrooman and being machines No. 1141 and 1522, a copy of which lease and license is hereto annexed, marked "B," and made a part of this bill, and the original thereof is ready in court to be produced.

9. Your orator further shows that by the express terms of said lease and license the defendants were licensed to use upon said McKay sewing-machine not only the patented improvements specifically named in said lease, but also all patents which your orator then had or might thereafter obtain, whether as original patentee or by assignment or license, applicable to said machines and all extensions and renewals of the same, and that the said several machines so leased to the defendants aforesaid did in fact embody all the patented improvements hereinbefore set forth, and that the same greatly increased the efficiency and usefulness of said machines and their value to the manufacturer- of boots and shoes.

10. Your orator further shows that in and by said lease the lessees, the defendants, among other things, agreed to pay to your orator, as rent for the machines thereby leased and for the use of the patents thereby licensed, the sum of ten cents for each and every pair of boots and shoes made by the aid of said machines or any of them and by the use of any of said patents or any of them: Provided, however, that in all cases when the lessees should purchase license stamps of the lessor, his successors, legal representatives, or assigns, paying therefor in cash, on delivery of the stamps, at their denominational value, and should securely affix such stamps, one stamp of proper denominational value to one of every pair of boots or shoes, as soon as said boots or shoes are finished and before they are boxed or exposed or removed for sale or consignment, then and in such case the price of license stamps should be as in the schedule at the end of said lease, and the use of one stamp of the denominational value set forth in said schedule should be full payment and satisfaction of the rent for the use of said machine and of the license for the use of said patents for one pair of boots or shoes of the corresponding class in the schedule.

And the said lessees, the defendants, did therein further covenant and agree to keep an account of all boots and shoes made by them or by any other person for them or for others by the aid of the machines thereby leased or by the use of the patents aforesaid, and to render an account thereof to your orator once in six months, namely,

January 1st and July 1st, which account should specify the number of pairs of boots and shoes made as above mentioned and the class to which they belonged according to said schedule, and also that the operator of said machines should keep a daily account of all boots and shoes made in whole or in part by the aid of said machines, specifying the classes to which they belonged, and that they, the said lessees, the defendants, would send said account on the first of each month to your orator; and also that they would not in any way violate or infringe or contest the validity of any of the patents they were thereby licensed to use or the sufficiency of their specifications or the validity of the title of your orator to said patents or any of them; and it was mutually agreed in and by said lease and license that the same should continue (provided the lessees complied with the terms and conditions thereof) until the expiration of all the letters patent which the said lessees were thereby licensed to use or any extensions or renewals of the same, and that upon the expiration thereof and upon the delivery of said machines in good order to the lessor the said lessees should thereupon, if they had kept all the conditions of said lease and license, have the right to purchase said machines for the sum of one dollar for each machine.

11. Your orator further shows that the defendants accepted said license and the said machines at the date aforesaid, and continuously thereafter and up to the present time have been in the use and enjoyment of said machines under said license and are still in the use and enjoyment thereof, and the said license is now subsisting and in full force and the defendants continue in the use and enjoyment of all the rights and benefits thereof. Your orator further shows that from the date of said license until about the
11 1st day of March, 1881, the defendants, so far as your orator is informed or has means of information, substantially complied with the terms and conditions of said license, except that they had failed, through inadvertence, as they claimed, and not through willful default, properly to stamp all the shoes sewed by them on said machines or to pay the full license fees due from them to your orator under said license, and that on or about the 5th day of January, 1881, your orator caused special notice to be given to said defendants that unless they thereafter elected to stamp the shoes sewed by them on said machine they would be required to pay the full license fee of ten cents per pair, a copy of which notice is hereto annexed as a part of this bill and marked "C," and that on or about the 15th day of January, 1881, your orator again caused the defendants to be thus notified.

12. Your orator shows that since said 1st day of March, 1881, the defendants have continued in the use and enjoyment of said machines and of said patented improvements under said license and have sewed thereon a very large number of pairs of boots and shoes, amounting, as your orator is informed, believes, and avers, to at least five thousand pairs per month for each and every month since said 1st day of March, 1881; but, with the exception of about three thousand stamps purchased in April, 1881; seven thousand stamps purchased in May, 1881; four thousand stamps purchased in June,

1881, and five hundred stamps purchased in August, 1881, the defendants have wholly neglected to purchase and apply to the boots and shoes sewed by them on said machine the stamps provided for in said license, and have utterly neglected and refused to pay the rent and license fee provided in said license for the rent of said machines and the use of said patents, namely, ten cents for each and every pair of boots and shoes made by the aid of said machines or by the use of said patents or any of them; and that since the 1st day of July, 1881, the defendants have neglected and refused to send to your orator the daily account kept or to be kept by their operator of all boots and shoes sewed on said machine, which account the defendants covenanted and were bound to send to your orator monthly, on the first of each month, and the said defendants have also neglected and refused to render to your orator the
12 semi-annual account due January 1, 1882, of the number of pairs of boots and shoes made by or for them on said machines or by the use of said patents or any of them in the preceding six months, as provided for in said lease, and have also neglected and refused to render unto your orator the said semi-annual accounts due July 1, 1882; January 1, 1883; July 1, 1883; January 1, 1884, and July 1, 1884, as provided in said lease.

13. And your orator avers that special request has been repeatedly made of said defendants and that blank forms have been furnished them for every month since said first day of July, 1881, for said monthly reports, and that on the second day of January, 1882, and again on the first day of July, 1882, special request was made of said defendants to furnish the said semi-annual accounts, copies of which requests are hereto annexed and marked "D" and "E" respectively and made a part of this bill; but the defendants have refused to comply with said requests or to furnish said accounts, as they were bound to do in and by said license; and your orator is informed and avers that the defendants, on or about the first day of October, 1881, in violation of the terms of said lease and license to them, removed or caused to be removed from said sewing-machine No. 1218 the indicator attached thereto and have never since restored or replaced the same, and that the defendants, for the purpose of evading their just obligations under said license, falsely pretend that said license was terminated on or about the fifteenth day of August, 1881, and their obligation to pay any license fees thereunder then ceased and their right to said machines free from the payment of all further license fees or royalties then accrued on the payment of one dollar for each machine, because two of the patents named in said license, namely, the patents granted to Lyman R. Blake August 14, 1860, expired on that day, and the said defendants, in carrying out said scheme and purpose, sent to your orator, on the said 20th day of August, 1881, a United States note for one dollar; which note, immediately upon its receipt, your orator caused to be returned to the defendants, namely, on the 23d day of said August, 1881, with the notice, a copy of which, marked "F," is hereto annexed as a part of this bill.

Whereas, in truth and in fact, as your orator avers and as the de-

fendants well know, the said license did not terminate or
13 expire on said 15th day of August nor did the obligations of the defendants thereunder to pay license fees to your orator then cease, but are still in full force, nor did all the letters patent which the defendants were licensed to use and were in fact using and have since continued to use under said license expire on said 15th day of August, but the said letters patent, viz., reissue No. 8960 and patent No. 107,155 and channeler patent No. 60807, were then and are now unexpired and in full force, except said patent No. 8960, which expired December 13, 1881, and said letters patent No. 60807, which expired January 1, 1884, and the improvements covered thereby, were then and are now embodied in the machines leased by your orator as aforesaid to the defendants and constitute very important and valuable parts thereof, and the defendants have had and continue to have the use and enjoyment thereof.

14. Your orator charges that he is entitled to a discovery and an account from the defendants of the numbers of pairs of boots and shoes sewed by or for them on or by the aid of any and all the machines or by the use of any of the patents embraced in said license since the 1st day of July, A. D. 1881, and the classes to which such boots and shoes belong, according to the schedule forming a part of said license, and especially to a discovery and account of the number of pairs of boots and shoes made by the use of said machine or any of them for the six months ending Jan. 1, 1882, July 1, 1882, and for each succeeding six months respectively, which account shall specify the class to which such boots and shoes belong, according to said schedule, and also to a discovery and account of the daily accounts by the operators of said defendants of all boots and shoes sewed on said machine since said 1st day of July, 1881, and that without such discovery and account he is entirely remediless and has no complete or sufficient remedy at law and is entitled to discovery and relief in this court of equity, and especially to an injunction against said defendants restraining them from using either of said machines or of said patented improvements until they shall have paid to your orator the full amount which shall be found due to him from them under said license for said license fees.

15. Wherefore your orator prays that the defendants may
14 be required to make a full disclosure and discovery, upon their corporal oath and according to the best and utmost of their knowledge, information, and belief, of all the matters aforesaid, and especially that they may be required to make full discovery of all boots and shoes sewed by or for them on either and all of the machines and by the use of any of the letters patent named or embraced in said letters patent and embodied in said machines and hereinbefore set forth since said 1st day of July, A. D. 1881, and the class to which such boots and shoes belonged, according to the schedules forming a part of said lease, and to render a full account thereof and to produce all books and accounts showing the same, and also to make full disclosure and discovery of all daily accounts kept by the operator or operators of said machine said 1st day of July, 1881, and to produce the same to this honorable court, and

that they may be compelled to account for and pay over to your orator for each and every pair of boots and shoes sewed by or for them on said machines or by the use of either of said patents since said 1st day of March, 1881, and which were not duly stamped, the full license fee of ten cents for each and every pair as provided in said license, and that they may be enjoined and restrained from using either of said machines or of said patented improvements until they have fully paid the full amount thus found to be due to your orator and all due damages, and for such other relief as equity may require, and that a writ of subpœna and other due process as provided by law against said defendants, Frank W. Smith, J. E. M. Stoughton, and B. M. Payne, may be issued.

GORDON McKAY, *Trustee.*

J. J. MYERS,
Solicitor and of Counsel for Complainant.

15 UNITED STATES OF AMERICA, }
District of Massachusetts, Middlesex, } *ss:*

CAMBRIDGE, *September* 19, 1884.

Then personally appeared the said Gordon McKay and made oath that he has read the foregoing bill by him subscribed and knows the contents thereof; that the same are true so far as stated upon his personal knowledge, and so far as stated upon information and belief he believes them to be true.

OLIVER M. HOLMES,
Justice of the Peace.

16 B.

Lease No. 3968.

Transfer from Prichard, Smith & Co. Lease No. 2340.

This lease and agreement, made the twenty-third day of January, A. D. 1878, by and between Gordon McKay, trustee for the McKay Sewing Machine Association, lessor and party of the first part, and Frank W. Smith, James E. M. Stoughton, & Benjamin M. Payne, doing business in Cincinnati, Ohio, under firm name of Smith, Stoughton & Payne, lessee and party of the second part, witnesseth:

That the lessor, in consideration of one dollar to him paid by the lessee, the receipt of which is hereby acknowledged, and of the stipulations and conditions hereinafter contained on the part of the lessee to be kept and performed, doth lease unto the lessee McKay sewing machines Nos. 1218 for uniting the soles of boots and shoes to their vamps or uppers, constructed according to the specifications, and embodying the invention contained and set forth in letters patent of the United States granted to Lyman R. Blake on the sixth day of July, A. D. 1858; channelling machines Nos. 1141–1522, feather-edging machines Nos. —, said machinery also embodying other patents which the lessor now has or may hereafter obtain, applicable to the said machines or some of them.

And the lessor doth hereby license the lessee and operatives in his employment to use said patented machines upon the terms and conditions hereinafter set forth; and the lessor doth also hereby license the lessee to use the said patent above mentioned granted to Lyman R. Blake on the sixth day of July, A. D. 1858, and also the patents granted to the said Lyman R. Blake on the fourteenth day of August, A. D. 1860, on the process of making a boot or shoe and on the article so made, for the term of the existence of said
17 patents or any of them, and of all reissues, renewals, and extensions of the same, said patents having been assigned by said Lyman R. Blake to said Gordon McKay, trustee, and also all patents which the lessor now has or may hereafter obtain, whether as original patentee or by assignment or license, applicable to said machines, and all reissues, extensions, and renewals of the same, provided, however, and this lease is made and this license is granted on the condition that the lessee shall faithfully keep and perform all the conditions herein contained on his part, and upon breach of said conditions or any of them by the lessee the lessor, his successors in trust, legal representatives, or assigns, may at their option cancel and terminate this lease and license, and upon written notice thereof by the lessor, his successors, legal representatives, or assigns, to the lessee or to any one in possession or apparent control of the machines or either of them this lease and license shall terminate and possession of said machines shall thereupon revest in the lessor, his successors, legal representatives, or assigns.

And the lessee hereby agrees to keep and perform all the conditions of this lease and license, to wit:

First. The lessee agrees to pay unto the lessor as rent for the machines hereby leased and for the use of the patents hereby licensed the sum of ten cents for each and every pair of boots or shoes made by the aid of said machines or any of them and by the use of said patents or any of them, provided, however, that in all cases when the lessee shall purchase license stamps of the lessor, his successors, legal representatives, or assigns, paying therefor in cash on delivery of the stamps at their denominational value, and shall securely affix such stamps, one stamp of proper denominational value to one of every pair of boots or shoes as soon as said boots or shoes are finished and before they are boxed or exposed or removed for sale or consignment, then and in such case the price of license stamps shall
18 be as in the schedule at the end of this instrument, and the use of one stamp of the denominational value set forth in said schedule shall be full payment and satisfaction of the rent for the use of the said machines and of the license for the use of said patents for one pair of boots or shoes of the corresponding class in the schedule.

And whenever any boots or shoes shall be unstamped or improperly stamped contrary to the provisions of this instrument, it shall be the right of the lessor to cause the same to be properly stamped, and the price of each stamp so furnished and applied by the lessor (and which the lessee hereby agrees to pay) shall be the sum of ten cents; and said sum shall be received by the lessor in full satis-

faction of all damages and expenses which he may incur in the premises.

Second. The lessee hereby agrees that he will, as soon as the boot or shoe is finished and before boxing, paste on the sole of one boot or shoe of each pair made by him or his employees, agents, or partners, by the aid of any machine hereby leased or of any patent hereby licensed during the continuance of this lease and license, one of the stamps aforesaid of a denominational value corresponding to the class to which such boot or shoe may belong according to the schedule aforesaid, and that for all boots and shoes which the lessee, his employees, agents, or partners shall make, in whole or in part, for other persons, or that shall be so made for other persons by any person by the aid of any machine hereby leased, he will purchase of the lessor and furnish suitable stamps to be put on such boots and shoes; and the lessee agrees that he will be responsible for the rent of the said machines and the use of the said patents, and that stamps are put on such boots and shoes according to the schedule and under the same conditions as to the price of stamps and rent as if the boots or shoes had been made by himself on his own account; and the lessee agrees that he will not sell or in any way dispose of any stamps except when attached to boots or
19 shoes as aforesaid to any person or persons except the lessor, his successors, legal representatives, or assigns, or his or their duly authorized agents as aforesaid.

And it is hereby agreed that for each and every pair of boots and shoes made or sold by or for the lessee by the aid of the machines hereby leased or by the use of the patents hereby licensed which shall not have been properly stamped by him or, in his default, by the lessor, as hereinbefore provided, the lessee shall pay to the lessor, his successors, legal representatives, or assigns, the sum of ten cents as liquidated, fixed, and settled damages.

Third. The lessee hereby agrees to keep an account of all boots and shoes made by him or by any other person for him or for others by the aid of the machines hereby leased or by the use of the patents aforesaid, and to render an account thereof to the lessor, his successors, legal representatives, or assigns, once in six months, namely, January 1 and July 1, which account shall specify the number of pairs of boots and shoes made as above mentioned and the class to which they belong according to the schedule; and also that the operator shall keep a daily account of all boots and shoes made in whole or in part by the aid of the said machines, specifying the classes to which they belong, which account the lessee agrees to send on the 1st of each month to the lessor; and whenever required by the lessor, his successors, legal representatives, or assigns, to make oath to the correctness of said returns, and to allow the lessor, his successors, legal representatives, assigns, or authorized agents, to examine the original books and accounts of the lessee in order to verify the return aforesaid.

And the lessee agrees to give the lessor, his successors, legal representatives, or assigns, or his or their authorized agent or agents free access at all times to the premises where the machines hereby

leased are stored or operated for the purpose of verifying the operator's reports, and in case operator's reports shall not be made
20 as above provided it shall be the right of the lessor to appoint a competent man to keep the accounts herein required; and all reasonable compensation for the services and expenses of such man, which shall not exceed three dollars per day, shall be at the charge of the lessee, and the lessee hereby agrees to pay the same.

Fourth. The lessee hereby agrees that he will not in any way violate or infringe or contest the validity of any of the patents he is hereby licensed to use or the sufficiency of their specifications or the validity of the title of the lessor or of his successors, legal representatives, or assigns to said patents or any of them.

Fifth. This lease and license shall not be assignable by the lessee by his own act or by operation of law.

Sixth. The lessor, for himself, his successors, legal representatives, and assigns, agrees that he will at any time, on demand, redeem, but only of the lessee, any unused stamps which the lessee may have bought of the lessor or his authorized agents, at the same price as that paid for them by the lessee, provided the lessee is in no respect in default.

Seventh. The lessee is by this lease and license authorized to use the machines hereby leased only in said Cincinnati.

Eighth. The following are agreed to by the parties aforesaid as the terms of lease of the machines which the lessee is hereby licensed to use:

1st. That the power conveyed by this lease and license is only the right to use said machines and not the right to make or sell any machine embodying the patents aforesaid or any of them; that a transfer or removal of the machines hereby leased or any of them can only be made with the consent of the lessor or his successors, legal representatives, or assigns, and that if the lessee is or becomes at any time insolvent or bankrupt, or if a sale, lease, transfer, or removal of said machines or any of them shall be made or attempted by the lessee or by operation of law or by any legal officer,
21 representative, or assignee, as the property of the lessee, without the consent of the lessor or his successors, legal representatives, or assigns, this lease and license shall thereupon terminate and expire, and the possession of said machines shall thereupon revest in the lessor, his successors, legal representatives, or assigns, and he or they may take possession of the said machines without the lessee's having any claim for the repayment of any part of the sum or sums which he may have paid as consideration for the delivery of this lease and license or for rent or license under this instrument.

2d. That in case the lessee refuses or neglects to perform or violates any of the conditions of this lease and license the lessor, his successors, legal representatives, or assigns, shall have the right to terminate this lease and license by giving written notice as aforesaid that he has elected so to do, and upon the giving of such notice this lease and license shall be terminated, and the title and possession of said machines shall thereupon revest in the lessor, his successors or assigns, free and discharged of this lease and license, and

the lessor, his successors, legal representatives, or assigns, or his or their authorized agent or agents, may thereupon enter the premises where said machines may be and may take and remove the same, and the lessee shall have no claim whatever on account of any sum or sums he may have paid for or under this lease and license.

3d. That this lease and license shall continue (provided the lessee complies with the terms and conditions thereof) until the expiration of all the letters patent which the lessee is hereby licensed to use, or any extensions or renewals of the same; and upon the expiration thereof the lessee shall deliver to the lessor, his successors, legal representatives, or assigns, the machines hereby leased, in good order, natural wear and tear alone excepted; and the lessee shall thereupon, if he has kept all the conditions of this lease and license, have the right to purchase said machines for the sum of one dollar.

22 Ninth. In case any other machine or machines than those now hereby licensed and leased, embracing any of the patents hereby licensed, shall hereafter come into the possession of the lessee without a lease or license from the lessor, his successors or assigns, then, in case the lessor, his successors or assigns, shall so elect, all the covenants herein contained shall apply to such machine or machines and shall govern said parties respectively to the same extent as if the said machine or machines had been expressly included in this lease and license. The lessor shall give written notice of his election as aforesaid within thirty days after he shall have received written notice from the lessee of the possession of such machine or machines, but may give such notice without having received notice from the lessee of the possession of such machine or machines.

Tenth. The lessee agrees that he will allow the lessor, his successors and assigns, and his and their agents at any time hereafter to attach an indicator or counter to any machine embracing any of the patents hereby licensed which now is or which may hereafter come into the possession of the lessee for the purpose of recording the number of the revolutions of the cam-shaft of said machine or of indicating the number of boots or shoes made, and to examine, modify, repair, or replace the said indicator, and that he, the lessee, will not disturb or interfere with nor permit any one else to disturb or interfere with any indicator which now is or which may be hereafter placed upon any machine as aforesaid.

Eleventh. All the rights and interests which under this instrument and by reason of the ownership of said machines and patents and patent rights belong to the lessor shall be deemed to belong to and may be enforced in his or their own names or otherwise by the lessor's successors in trust and his and their representatives

23 and assigns, and all the stipulations binding on the lessee shall be binding on his or their representatives.

Twelfth. It is agreed that this instrument may be used for lessees of the female sex, and in that case the masculine pronoun denoting the lessee shall, whenever it occurs, be instead of and indicate the feminine, and also that this instrument may be used in cases where the party of the second part shall consist of more than one person,

and in that case the termination to the words relating to the said party shall be considered as plural or singular as the sense may require, and that when the party of the second part so consists of several persons and they sign this lease, either individually or by their firm signature, such signature or signatures shall bind them, both jointly and severally, to the terms and agreements herein contained, and also that the numbers of the machines named in this lease may be entered herein by the lessor after signing, and that, as this instrument is designed and intended for use between the parties hereto, in case the lessee shall require more than one machine it is agreed that the termination to words relating to the machines shall be construed and considered as written in the singular or plural as the number of machines entered in the lease and license may require.

24 *Schedule of Prices of Stamps and Classification of Boots and Shoes when Stamps are Purchased and Applied According to the Provision in Clause First.*

	Sizes.		Long-legged boots.	Shoes.	Buffalo overshoes.	Measure work.
	From No.	To No.				
Children's	1	10½ incl.	1 cent	½ cent	½ cent	5 cents
Misses'	11	2 "	----------	1 "	1 "	5 "
Women's	2½	and over	----------	2 cents	1 "	7 "
Youths'	9	13½ incl.	2 cents	1 cent	1 "	5 "
Boys'	1	5 "	2 "	2 cents	1 "	7 "
Men's	5½	and over	4 "	3 "	*2 cents	9 "
Quilted	----------	----------	10 "	10 "	10 "	10 "
Army, not qltd.	----------	----------	2 "	2 "		

* Reduced until further notice to 1 cent per pair.

The stamp on men's, boys', and women's shoes, " when made with low-cut uppers without elastic sides and without tie or buckle or other fastening to the upper, intending thereby to describe shoes commonly called 'slippers,'" is reduced until further notice to 1 cent per pair.

The stamp on men's boots, made without crimping the upper at the ankle, commonly called opera boots, is reduced until further notice to 3 cents per pair.

In witness whereof the parties aforesaid have hereunto put their hands and seals, the said parties of the second part binding themselves to all the foregoing agreements, both jointly and severally.

GORDON McKAY, *Trustee.* [SEAL.]
FRANK W. SMITH. [SEAL.]
J. E. M. STOUGHTON. [SEAL.]
B. M. PAYNE. [SEAL.]

25 C.

McKay Sewing Machine Association,
29 High Street, Boston, Mass., *Jan.* 5, 1881.

Messrs. Smith, Stoughton & Payne, Cincinnati, Ohio.

Dear Sirs: You are hereby notified that hereafter you will be required, in strict conformity with the terms of your lease, to pay ten cents a pair on all shoes that are sewed on the McKay sewing-machines or that are made by the use of any patents or machines you are licensed to use in license No. 3968 unless you shall, in all cases, in lieu thereof, buy stamps at schedule rates and shall actually affix them to the soles of the shoes, as in said license provided, "as soon as the shoes are finished and before they are boxed or removed for sale." And you are also notified that the stamps must be actually affixed in every case to the shoes strictly as in said license provided, and that in case of your failure at any time so to do I shall immediately cause all unstamped shoes to be stamped, charging you at the rate of ten cents per pair, as provided in clause first of your lease; and you are also notified that the operator's daily account must be kept, and that the monthly report and the semi-annual report must be kept and rendered strictly, as in your lease provided, and that all the other provisions of the said license must be in all respects strictly complied with; and you are also notified that hereafter no settlement will be made with you for unstamped shoes save as in the lease provided, at ten cents a pair, and that for any future infraction of the lease which the lease treats as cause for cancellation your lease will be cancelled.

Yours respectfully, GORDON McKAY,
Trustee McKay Sewing Machine Association.

F.

McKay Sewing Machine Association,
29 High Street, Boston, Mass., *Aug.* 23, 1881.

Messrs. Smith, Stoughton & Payne, Cincinnati, O.

Gentlemen: Your letter of Aug. 20, 1881, enclosing a United States note, series of 1890, A, No. Z 12485425, for one dollar, has been received. Without stating other questions, it is enough to say that as all the patents referred to in your lease have not expired, the right to acquire the machines therein named for one dollar has not been obtained. I return to you enclosed the one-dollar note referred to above which you sent me.

Yours respectfully, GORDON McKAY, *Trustee*,
By EDWARD P. HURD, *Attorney.*

26 D.

Office of McKay Sewing Machine Association, 29 High street, Boston, Mass.

JANUARY 2, 1882.

Messrs. Smith, Stoughton & Payne, Cincinnati, Ohio.

SIR: The semi-annual report showing the number of pairs of boots and shoes made by you, with the class to which they belong, agreeably to the third condition of your lease, is now due, and you are hereby requested to send the same to me without delay. The following is a copy of the third condition of the lease above referred to:

"Third. The lessee hereby agrees to keep an account of all boots and shoes made by him or by any other person for him or for others by the aid of the machines hereby leased or by the use of the patents aforesaid, and to render an account thereof to the lessor, his successors, legal representatives, or assigns, once in six months, namely, January 1st and July 1st; which account shall specify the number of pairs of boots and shoes made as above mentioned and the class to which they belong according to the schedule."

Enclosed please find blank for purpose of making the report.

Yours respectfully, GORDON McKAY,
Trustee for the McKay Sewing Machine Association,
By F. F. STANLEY.

27 N. B.—Insert number of sewing-machine and sign.

Semi-Annual Report of Lessees to the Trustees of the McKay Sewing Machine Association, Showing the Number of Pairs of Boots and Shoes Made by the Lessees, with the Class to Which They Belong, Agreeably to the Third Condition of the Lease.

Machine No. _____

Lease No. _____

Made in six months ending _____ 188 .

Class.	Size.		No. of pairs made.			
	From No., inclusive.	To No., inclusive.	Long-legged boots.	Shoes.	Buffalo overshoes.	Measure work.
Children's	1	10½				
Misses'	11	2				
Women's	2½	and over				
Youths'	9	13½				
Boys'	1	5				
Men's	5½	and over				
Quilted						

Dated at _____ 188 .

(Sign) _____

28 E.

Office of McKay Sewing Machine Association, 29 High street, Boston, Mass.

JULY 1, 1882.

Messrs. Smith, Stoughton & Payne, Cincinnati, Ohio.

GENTLEMEN: The semi-annual report, showing the number of pairs of boots and shoes made by you, with the class to which they belong, agreeably to the third condition of your lease, is now due and you are hereby requested to send the same to me without delay. The following is a copy of the third condition of the lease above referred to:

"Third. The lessee hereby agrees to keep an account of all boots and shoes made by him or by any other person for him or for others by the aid of the machines hereby leased or by the use of the patents aforesaid, and to render an account thereof to the lessor, his successors, legal representatives, or assigns, once in six months, namely, January 1st and July 1st, which account shall specify the number of pairs of boots and shoes made as above mentioned and the class to which they belong according to the schedule."

Enclosed please find blank for purpose of making the report.

Yours respectfully, GORDON McKAY,
Trustee for the McKay Sewing Machine Association,
By EDW'D P. HURD, *Att'y.*

29 This cause was thence continued to the October term, A. D. 1884, of this court, when the following answer and replication were filed:

Answer. (*Filed January* 13, 1885.)

The joint and several answer of Frank W. Smith and Benjamin M. Payne, respondents, to the bill of complaint of Gordon McKay, trustee for the McKay Sewing Machine Association, complainant

The respondents say that they are members of the firm of Smith, Stoughton and Payne sued by the complainant, and that the other member of the firm, James E. M. Stoughton, is now and has been since the service of process in this suit away from home and has had no opportunity to make answer to this suit. They therefore ask that this answer may stand as the answer of the firm until such time as said Stoughton can come and join herein and make a several answer in his own name.

These respondents, jointly and severally, now and at all times hereafter saving and reserving to themselves all manner of benefit or advantage of exception or otherwise that can or may be taken to the many errors, uncertainties, and imperfections in said bill of complaint contained, for answer to said bill, or so much and such parts thereof as these defendants are advised it is material or necessary for them to make answer unto, answer and say:

They admit that letters patent of the United States, dated Aug. 14, 1860, No. 29561, were granted and issued to Lyman R. Blake for

an improvement in the manufacture of boots and shoes, but on information and belief they deny that said Blake was the original, first, and true inventor of said improvement; they deny that the same was new or that it was not known or used before; they deny that it was not in public use or on sale with his consent and allowance for more than two years before his application for a patent therefor, and they deny that the said letters patent were valid or
30 effectual to secure to said Blake, his heirs, executors, administrators, or assigns, the exclusive right to the alleged invention there herein described.

Having no information, they can neither admit nor deny that said Blake applied for and obtained an extension of said letters patent No. 29561, and pray that this complainant may make proof thereof.

Save by said bill, they are not informed and cannot answer concerning the alleged assignment by said Blake to this complainant of all his interest in said extended letters patent. They therefore deny the same and *have* the complainant to make such proof thereof as he may be advised.

They admit that this complainant surrendered said letters patent to the Commissioner and received a reissue patent, No. 9043, but on information and belief they deny that said surrender was made for any good or lawful cause or in conformity with the acts of Congress on that behalf, and they deny that said reissued patent No. 9043 was for the same invention as the original letters patent No. 29561.

They admit that letters patent of the U. S., dated August 14, 1860, No. 29562, were granted and issued to Lyman R. Blake for an alleged improvement in boots and shoes, but on information and belief they deny that the said Blake was the true, original, and first inventor or discoverer of the said alleged improvement; they deny that the same was new or useful or that it had not been known or used before; they deny that it had not been in public use or on sale with his knowledge and consent for more than two years prior to his application for a patent therefor, and they deny that the said letters patent were valid or effectual to secure to said Blake or his assigns the exclusive right to the alleged invention therein described.

They admit that said Blake applied for and obtained an extension of said letters patent No. 29562, but pray that the complainant may be required to make proof thereof.

Save by said bill, they are not informed and cannot say whether said Blake assigned to this complainant all his interest in the said letters patent. They therefore deny the same and *have* this complainant to make such proof thereof as he may be advised.

Save by said bill, they are not informed and cannot say as
31 to the alleged assignments by said Blake to this complainant of said original letters patent Nos. 29561 and 29562 and the alleged reassignment to said Blake and the alleged reassignment by said Blake to this complainant of both of said patents. They therefore deny the same and *have* the complainant to make such proof thereof as he may be advised.

They admit the grant and issue of letters patent of the U. S.,

dated Aug. 12, 1862, No. 36163, to R. H. Mathies and Gordon McKay, as mentioned in section 3½ of said bill, for an alleged improvement in sewing-machines, but on information and belief they deny that said Mathies and McKay were the true, original, and first inventors of the said alleged invention. They deny that the same was new and useful, that it had not before been known and used, and that it had not been in public use or on sale, with the knowledge and consent of the alleged inventors, for more than two years prior to the application for said patent, and they deny that the said letters patent were valid and effectual to secure to the said alleged inventors and their assigns the alleged inventions therein described for the term of seventeen years from Aug. 12, 1862.

They have no knowledge of the alleged assignment save by the statement in the bill, and therefore cannot admit nor deny, but *have* the complainant to prove the same. They admit that the complainant surrendered said letters patent No. 36163 to the Commissioner of Patents and obtained reissued letters patent No. 6535 on July 6, 1875, but, on information and belief and advice, deny that such surrender was made for any good and lawful cause or in conformity with the acts of Congress in this behalf, and they deny that said reissued letters patent No. 6535 were for the same invention as the said original letters patent No. 36163.

They admit that letters patent of the U. S. No. 45422, dated December 13, 1864, were granted and issued to Lyman R. Blake and Gordon McKay for an alleged improvement in sewing-machines, but on information and belief they deny that said Blake and McKay were the true, original, and first inventors of the alleged improvement. They deny that the same is new and useful or that it was not known or used before their application; they deny that it had not been in public use or on sale with their knowledge
32 or consent for more than two years prior to their application for a patent therefor, and they deny that said letters patent are valid and effectual to secure to said Blake and McKay and their assigns the inventions therein claimed.

Save by said bill, they are not informed and cannot say concerning the alleged assignment by said Blake and McKay of all their interest in said letters patent. They therefore deny the same and *have* this complainant to make such proof thereof as he may be advised.

They admit that this complainant surrendered said letters patent No. 45422 to the Commissioner of Patents and obtained reissued letters No. 8960, but on information, belief, and advice they deny that such surrender and reissue were made for good or lawful cause or in conformity with the acts of Congress relating to reissue, and they deny that the said letters patent No. 8960 were for the same invention as the original letters No. 45422 or were of any validity as letters patent.

They admit that letters patent of the U. S. No. 107,156, dated Sept. 6, 1870, were granted and issued to Lyman R. Blake for an alleged improvement in sole-sewing machines, but upon information and belief they deny that the said Blake was the original and first in-

ventor of the said alleged improvement. They deny that the same was new and useful or that it had not been known or used before; they deny that it had not been in public use or on sale with the knowledge and consent of the patentee for more than two years prior to his application for the patent, and they deny that the said letters patent were or are valid and effectual to secure to said Blake and his assigns the exclusive use of the alleged inventions therein claimed.

Except by said bill, they are not informed and cannot say concerning the alleged assignment of said letters patent No. 107,155 to this complainant and *have* him to make such proof thereof as he may be advised.

They admit that letters patent of the United States No. 60807, dated January 1, 1867, were granted to Henry S. Vrooman for an alleged improvement in channeling and feather-edging machines, but on information and belief they deny that said Vrooman was the original and first inventor of the said alleged improvement.

They deny that the same was new and useful or that it had
33 not been known or used before; they deny that it had not been in public use or on sale with the knowledge and consent of the patentee for more than two years prior to his application for a patent, and they deny that said letters patent were valid and effectual to secure to said Vrooman or his assigns the exclusive right to the alleged invention therein described.

Save by the bill, they are not informed and cannot say concerning the alleged grant by said Vrooman to said complainant of an exclusive license under said patent No. 60807 to use the alleged invention in said patent, and therefore deny the same and *have* the complainant to make such proof thereof as he may be advised.

They are not informed and can neither admit nor deny that immediately upon the issuing of each of said letters patent this complainant introduced into public use the improvements therein respectively described, and that for several years prior to the granting of the license to them his complainant had embodied each and all of said alleged improvements in a sewing-machine for uniting the soles of boots and shoes to their uppers, which was well known to the public, and especially to manufacturers of boots and shoes, as the McKay sewing-machine, and that said machine was extensively used by shoe manufacturers under licenses from the complainant similar to the one set out in the bill, and leave the complainant to prove the same; but they deny that these allegations in the bill were and are well known to them as facts and call upon the complainant to prove the same; and they deny the right of the complainant to maintain this suit under the contract and license set out in the bill and the infringement of any of the rights, whether secured by letters patent or otherwise, of this complainant.

They admit the delivery to them by this complainant of a written transfer lease, on or about Jan. 23, 1878, substantially like the one annexed to the bill, but they do not admit that it is in all respects the same, and leave the complainant to make such proof as he may be advised; but they say that this transfer lease and license was

but an exchange for the original one accompanying the machine when it was delivered to their old firm, and that it was agreed that it should work no change in the contract of lease and license through the exchange.

They further admit that they had in their possession one
34 sole-sewing machine purporting to be constructed according to the specifications and to embody the inventions described and claimed in letters patent of the United States granted to Lyman R. Blake on July 6, 1858, and two channeling machines, Nos. 1141 and 1522, to the use of which machines said license related, but they deny that said machines embodied all the alleged patented improvements in said bill set forth.

These respondents further say that this complainant has received from them a large sum of money, to wit, the sum of three thousand dollars, which was paid to this complainant under a mistake of fact and without any consideration, as royalties for boots and shoes sewed on said machines from July 6, 1879, to Aug. 15, 1881, which money this complainant is bound to repay.

These repliants further say that the machine No. 1218 was received from the complainants on or about April 19, 1871, and at that time it did not have upon it the alleged improvement patented to said Blake Sept. 6, 1870, described in letters patent No. 107,155, and if said alleged improvement has since been put upon said machine, they say that it was done by the complainant for its own benefit and without the knowledge of these repliants, and that it has been of no benefit to them.

And they further say that on or about April 19, 1871, the complainant entered into a contract as to said machine, which contract is hereto annexed and made a part of this answer and marked "A," and that said contract expired on July 6, 1879.

And if the contract of lease and license sued on has any force or effect different from that annexed to this answer, these repliants say that the contract in the complainant's bill was obtained by fraud and misrepresentation and is null and void.

As to section 9 and 10 of said bill these respondents are advised that the same only states the legal construction of the agreement aforesaid as contended for by the complainant and requires no answer by these respondents, because such construction is a matter for this honorable court. Therefore, not admitting anything in regard to the construction claimed by the complainant, they decline to answer the same until this honorable court shall direct them to make answer thereto.

But they deny that the said machines did in fact embody all the
35 patented improvements set forth in the bill, and that the same greatly increased the efficiency and usefulness of said machines and their value to these respondents.

And, further answering, these defendants say that the claim of the complainants for rent or royalty for the use of said machines of ten cents a pair of boots and shoes sewed thereon is unjust, inequitable, and extortionate, being out of proportion to the price charged to others, and that such sum was inserted in said license and should

be held to be only in the nature of a penal sum, which penalty this honorable court ought not to enforce to its full amount.

Without waiving their rights and their claim that the contract has been terminated or become void, but insisting that it expired on July 6, 1879, these defendants say that the utmost sum to which the complainant can be entitled is the sum of the denominational value of the stamps provided to be put on the boots and shoes sewed on the machine, as named in the schedule which follows the tenth clause in the license, down to the time when the license expired.

These repliants admit the use of the machines before mentioned in this answer under a license from this complainant, and say that they have fully complied with all the agreements on their part to be performed with the complainants, and that on July 6, 1879, they had the right to purchase said machine for the sum of one dollar, and that they have tendered the said sum to this complainant in payment of said machines, with a notice that the license had expired and the agreement ended and of their claim to so purchase the machines, and that they have not since the expiration of said license held possession of said machines under any agreement or license, but have claimed to own them free from the lien of this complainant. They admit that this complainant returned the dollar sent as the price of the machines with the notice, as set forth in the bill, but say that they are now and always have been ready to deliver the said dollar to this complainant as money belonging to him in their hands.

And they further say that if it shall be proved that any part of said machines was made in accordance with the inventions described in any valid patent owned by the complainant which did not expire on Aug. 15, 1881, they aver and will maintain
36 and prove that the complainant has waived his claim for a good consideration to any royalties or payments after Aug. 15, 1881, either by the purchase of stamps or otherwise, and that the pretended improvements which the complainant claims were made on said machine under letters patent Nos. 107,155, 60807, and reissue 8960 were made by the complainant without the knowledge of these respondents and in fraud of their rights, and that these pretended improvements were and have been of no value to these repliants, and they say that if they are liable to this complain-t in any event, their liability is not under said license and agreement, but only for such a sum as this court of equity may find due in justice and good conscience as the propositional value *of* any of such patented improvements bear to the whole value of the machine and the agreed royalty. Wherefore these respondents deny that this complainant is entitled to a discovery and an account from them of the number of pairs of boots and shoes sewed by the aid of said machine since Aug. 15, 1881, and say that they have stamped all boots and shoes sewed before said Aug. 15, 1881, with the stamps purchased of the complainant, as agreed upon between them two years after the time the obligation to stamp the boots and shoes of the defendants to make payments or to make returns of the number of

boots and shoes sewed on said machine ceased, as the machine had become the property of these respondents.

And these respondents further say that soon after the expiration of said letters patent Nos. 29561 and 29562, to wit, on August 15, 1881, this complainant offered to the public for sale what is known as the McKay sole-sewing machine at a fixed price and without any reservation of stamps or other payments for the shoes sewed thereon, and that said machine thus publically sold embodied all the patented improvements, as these respondents have been informed and believe, found upon their machine, and all set forth in this bill of complaint; and they say that, for a valuable consideration rendered to this complainant, on or about December 1, 1880, it was agreed between this complainant and these respondents that if said letters patent Nos. 29561 and 29562 were not extended by Congress all claims for payments for boots and shoes sewed on said machine should cease with these said patents.

37 And these respondents aver that this bill does not show on its face any proper cause for an application to the equity jurisdiction of this court, and say that this complainant has a plain, adequate, and complete remedy at law for any and all his pretended claims against these respondents, and that the discovery of the number of boots and shoes sewed on said machines can be obtained and will be more freely given in a court of law, if it is so ordered by the court, and that the various matters of these respondents' defence are such as a court of law is particularly adapted to try; wherefore these respondents aver that this proceeding by bill in equity is inadmissible, and that this bill should be dismissed, and pray the judgment of this honorable court whether it ought to have further cognizance of this bill of complaint; and these respondents insist upon and crave, at the final hearing or otherwise, the benefit of said matter of defence as if they had only pleaded the same in bar to the whole of said bill of complaint or had for said matter and cause demurred to said bill; and they pray that their foregoing answer may be deemed and taken to be made under and subject to their said objections to the equitable jurisdiction of the court and with a reservation of the full right, title, and benefit to which these defendants are advised they are entitled by reason of said objections to this bill and to their proceeding in this cause; without this, that there is any other matter or thing in said bill of complaint contained material or necessary for these respondents to make answer unto and not herein well and sufficiently answered, traversed, confessed, and avoided or denied is not true to the knowledge or belief of these respondents, and they humbly pray to be hence dismissed with their reasonable costs and charges in this behalf most wrongfully sustained.

FRANK W. SMITH.
BENJAMIN M. PAINE.

CHAS. ALLEN TABER,
Of Counsel for Respondents.

38 STATE OF MASSACHUSETTS, *Essex*, } *ss:*

Frank W. Smith and Benj. M. Payne, being duly sworn, severally depose and say that they are the respondents named in the foregoing answer subscribed by them; that they have read the same and know the contents thereof, and that the same is true of their own knowledge except as to the matters therein stated on information and belief, and as to those matters they believe them to be true.

Subscribed and sworn to before me this — ——, —.

CHAS. ALLEN TABER,
Notary Public.

[SEAL.]

39 A.

(Duplicate.) Order No. 6750, page 130.

DATED AT CINCINNATI, OHIO, *April*, 1871.

We hereby propose to take a lease of the machinery, mentioned below, of Gordon McKay, trustee for the McKay Sewing Machine Association, and we agree to pay, upon delivery of the lease and before the shipment of said machinery, the sum of $415 as consideration for the delivery of said lease, for the expenses of setting up said machinery and other incidental expenses connected therewith, and for possession under the lease of said machinery, which possession shall not pass until said sum shall have been paid in full:

1 McKay sewing-machine, No. 1218.
1 spooler.
1 waxer.
1 chanceller, Vrooman's improved, No. 1141.

No title to the above-mentioned machinery is required other than is given in the lease, a blank copy of which is printed on the other side of this paper.

A competent man is to be sent to set up the said machinery at the expense of the said trustee.

Said machinery is to be delivered by said trustee on the cars at Lawrence, Mass., and shall thereafter be at our risk.

If the box is returned in good order to the machine shop of said trustee, at Lawrence, within sixty days after the shipment from Lawrence, fifteen dollars are to be refunded after deducting from said amount the freight and expenses on the box to Lawrence.

We consent that the number of the machine ordered above shall be entered by the said McKay in his duplicate of the
40 lease and license granted by the said McKay to us and numbered —, and that the terms and conditions of that lease and license shall apply to the machine above mentioned the same as if that lease and license had been made expressly for them.

This proposition is not obligatory upon said McKay unless the reference is satisfactory, but becomes so on his giving us notice that this proposition is accepted.

PRICHARD, SMITH & CO. [SEAL.]

BOSTON, *April* 19, 1887.

I accept the above proposition and promise to deliver the lease and the machinery as specified therein and acknowledge that the amount of the above consideration is paid to me.

GORDON McKAY,
Trustee of the McKay Sewing Machine Association,
By his attorney, THEO. A. DODGE.

The blank copy of lease above referred to as printed on the other side of the original of this order is as follows:

41 EXHIBIT A, ANNEXED TO ANSWER.

License No. —.

This lease and agreement, made the — day of ——, by and between Gordon McKay, trustee for the McKay Sewing Machine Association, of the first part, and —— ——, of the second part, witnesseth:

That the party of the first part, in consideration of one dollar, to him paid by the said part- of the second part, the receipt of which is hereby acknowledged, doth lease unto the said part- of the second part sewing-machine No. — for uniting the soles of boots and shoes to their vamps or uppers, constructed according to the specifications and embodying the invention contained and set forth in letters patent of the United States granted to Lyman R. Blake on the 6th day of July, A. D. 1858, and channeling machine No. —, said machinery also embodying other patents which the said party of the first part now has or may hereafter obtain applicable to the said machines or either of them.

And the said party of the first part doth hereby license the said part- of the second part and operatives in their employment to use said machine upon the terms and conditions hereinafter set forth; and the said party of the first part doth also hereby license the said part- of the second part to use the said patent above mentioned, granted to Lyman R. Blake on the 6th day of July, A. D. 1858, and also the patents granted to the said Lyman R. Blake on the fourteenth day of August, A. D. 1860, on the process of making a boot or shoe and on the article so made for the term of the existence of said patents or any of them, and of all renewals and extensions of

42 the same, said patents having been assigned by said Lyman R. Blake to said Gordon McKay, trustee, party of the first part, and also all patents which the said party of the first part now have or may hereafter obtain, whether as original patentee or by assignment or license, applicable to said machine, and all extensions and renewals of the same: Provided, however, and this lease is made and this license is granted on the condition that the part- of the second part shall faithfully keep and perform all the conditions herein contained on his part, and upon breach of said conditions or any of them by the part- of the second part the party of the first part, his successor, legal representatives, or assigns, may, at their option, cancel and terminate this lease and license, and upon written

notice thereof by the said lessor, his successor, legal representatives, or assigns, to the said lessee-, this lease and license shall terminate and possession of said machine shall thereupon revest in said lessor, his successor, legal representatives, or assigns.

And the said part- of the second part hereby agree to keep and perform all the conditions of this lease and license, to wit :

First. The said lessees agree to pay unto the said lessor as rent for the machine hereby leased and for the use of the patents hereby licensed the sum of ten cents for each and every pair of boots or shoes made by the aid of said machine and by the use of said patents or any of them : Provided, however, that in all cases when the said lessees shall purchase license stamps of the said lessor, his successor or legal representatives or assigns, paying therefor in cash on delivery of the stamps at their denominational value, and shall securely affix such stamps, one stamp of proper denominational value to one of every pair of boots or shoes as soon as said boots or shoes are finished and before they are boxed or exposed or removed for sale or consignment, then and in such case the price of license stamps shall be as in the schedule at the end of this instrument, and the use of one stamp of the denominational value set forth in said schedule
43 shall be full payment and satisfaction of the rent for the use of said machine and of the license for the use of said patents for one pair of boots or shoes of the corresponding class in the schedule.

And whenever any boots or shoes shall be unstamped or improperly stamped contrary to the provisions of this instrument, it shall be the right and duty of the lessor, whenever the same is known to him, and said boots or shoes are accessible to him, to cause the same to be properly stamped, and the price of each stamp so furnished and applied by the lessor (and which the lessee hereby agrees to pay) shall be the sum of ten cents; and said sum shall be received by the lessor in full satisfaction of all damages and expenses which he may incur in the premises.

Second. The said lessee hereby agrees that he will, as soon as the boot or shoe is finished and before boxing, paste on the sole of one shoe or boot of each pair sewed by him or by his employees, agents, or partners, by aid of any machine hereby leased or of any patent hereby licensed during the continuance of this lease and license, one of the stamps aforesaid of a denominational value corresponding to the class to which such boot or shoe may belong, according to the schedule aforesaid, and that for all boots and shoes which the said lessee, his employees, agents, or partners, shall sew for other persons, or that shall be sewed for other persons by any person upon the machine hereby leased, he will purchase of said lessor and furnish suitable stamps to be put on such boots and shoes; and said lessee agrees that he will be responsible for the rent of the said machine and the use of the said patents, and that stamps are put on such boots and shoes according to the schedule and under the same conditions as to the price of stamps and rent as if the shoes or boots had been made by himself on their own account; and the said lessee agrees that he will not sell or in any way dispose of any stamps, except when at-

tached to boots or shoes as aforesaid, to any person or persons
44 except the said lessor, his successor, legal representatives, or assigns, or his or their duly authorized agents as aforesaid.

And it is hereby agreed that for each and every pair of boots and shoes made or sold by or for the said lessee by the aid of the machine hereby leased or by the use of the patents hereby licensed which shall not have been properly stamped by him, the said lessees shall pay to the said lessor, his successor, legal representatives, or assigns, the sum of ten cents as liquidated, fixed, and settled damages.

Third. The said lessees hereby agree to keep an account of all boots and shoes sewed by *him* or by any other person for them or for others by the aid of the machine hereby leased or by the use of the patents aforesaid, and to render an account thereof to the said lessor, his successor or legal representatives or assigns, once in six months, namely, Jan. 1 and July 1, which account shall specify the number of pairs of boots and shoes made as above mentioned and the class to which they belong according to the schedule; and also that the operator shall keep a daily account of all shoes and boots sewed on the said machine, a copy of which the said lessees agree to send on the 1st of each month to the lessor; and whenever required by the lessor, his successor, legal representatives, or assigns, to make oath to the correctness of said returns, and to allow the lessor, his successor, legal representatives, assigns, or authorized agents, to examine the original books and accounts of said lessee in order to verify the returns aforesaid.

And the said lessees agree to give the said lessor, his successor, legal representatives, or assigns, or his or their authorized agent or agents, free access at all times to the premises where the machine hereby leased is stored or operated for the purpose of verifying the operator's reports, and in case the operator's reports shall not be made as above provided it shall be the right and duty of the lessor to appoint a competent man to keep the accounts herein required; and all reasonable compensation for the services and expenses of such man,
45 which shall not exceed three dollars per day, shall be at the charge of the lessee-, and the said lessee- hereby agree to pay the same.

Fourth. The said lessees hereby agree that they will not in any way contest the validity of any of the patents they are hereby licensed to use or the sufficiency of their specifications or the validity of the title of the said lessor or of his successor, legal representatives, or assigns to said patents or any of them.

Fifth. This lease and license shall not be assignable by the lessees.

Sixth. The lessor, for himself, his successor, legal representatives, and assigns, agrees that he will at any time, on demand, redeem, but only of said parties of the second part, any unused stamps which the said lessees may have bought of said lessor or his authorized agents, at the same price as that paid for them by the said lessees.

Seventh. The said lessees are by this lease and license authorized to use the machine hereby leased only in ——.

Eighth. The following are agreed to by the parties aforesaid as

the terms of lease of the machine which the lessees are hereby licensed to use:

1st. That the power conveyed by this lease and license is only the right to use said machine and not the right to make or sell any machine embodying the patents aforesaid or any of them; that a transfer or removal of the machine hereby leased can only be made with the consent of the lessor or his successor, legal representatives, or assigns, and that if a sale, lease, transfer, or removal of said machine shall be made or attempted by the lessees or by any legal officer, representative, or assignee, as the property of said lessee, without the consent of the lessor or his successor, legal representatives, or assigns, this lease and license shall thereupon terminate and expire, and the possession of said machine shall thereupon revest in the lessor, his successor, legal representatives, or assigns, and he or they may take possession of the said machine without the
46 lessees having any claim for the repayment of any part of the sum or sums which they may have paid as consideration for the delivery of this lease and license or for rent or license under this instrument.

2d. That in case the lessees refuse or neglect to perform or violate any of the conditions of this lease and license the lessor, his successor, legal representatives, or assigns, shall have the right to terminate this lease and license by giving written notice to the said lessees that he had elected so to do, and upon the giving of such notice this lease and license shall be terminated, and the title and possession of said machine shall thereupon revest in the lessor or his assigns, free and discharged of this lease and license, and the said lessor, his successor, legal representatives, or assigns, or his or their authorized agent or agents, may thereupon enter the premises where said machine may be and may take and remove the same, and the lessees shall have no claim whatever on account of any sum or sums they may have paid for or under this lease and license.

3d. That this lease and license shall continue (provided the lessees comply with the terms and conditions thereof) until the expiration of all the letters patent which the lessees are hereby licensed to use, or any extensions or renewals of the same; and upon the expiration thereof the lessee- shall deliver to the lessor, his successor, legal representatives, or assigns, the machine hereby leased, in good order, natural wear and tear alone excepted; and the said lessees shall thereupon, if they have kept all the conditions of this lease and license, have the right to purchase said machine for the sum of one dollar.

Ninth. In case any other machine than those now hereby licensed and leased, embracing any of the patents hereby licensed, shall hereafter come into the possession of the said licensees without a lease or license from said licensor, his successor or assigns, then, in case said licensor, his successor or assigns, shall so elect, all the covenants herein contained shall apply to such machine and shall
47 govern said parties respectively to the same extent as if the said machine had been expressly included in this lease and license. Said licensor shall give written notice of his election as

aforesaid within thirty days after he shall have received written notice from said licensees of the possession of such machine, but may give such notice without having received notice from the said licensees of the possession of such machine.

Tenth. The said licensee agrees that they will allow the said licensor, his successor and assigns, and his and their agents, at any time hereafter to attach an indicator or counter to any machine embracing any of the patents hereby licensed which now is or which may hereafter come into the possession of said licensees for the purpose of recording the number of the revolutions of the cam-shaft of said machine, and to examine, modify, repair, or replace the said indicator, and that they, the said licensees, will not disturb or interfere with nor permit any one else to disturb or interfere with any indicator which now is or which may be hereafter placed upon a machine as aforesaid.

Schedule of Prices of Stamps and Classification of Boots and Shoes when Stamps are Purchased and Applied According to the Provision in Clause First.

	Sizes.		Long-legged boots.	Shoes.	Buffalo overshoes.	Measure work.
	From No.	To No.				
Children's	1	10½ 11c	1 cent	½ cent	½ cent	5 cents
Misses'	11	2 "		1 cent	1 "	5 "
Women's	2½	and over		2 cents	1 "	7 "
Youths'	9	13½ in.	2 cents	1 cent	1 "	5 "
Boys'	1	5 "	2 "	2 cents	1 "	7 "
Men's	5½	and over	4 "	3 "	*2 "	9 "
Quilted			10 "	10 "	10 "	10 "
Army, not quilted			2 "	2 "		

*Reduced until further notice to 1 cent per pair.

"The stamp on men's, boys', youths', misses', children's, and women's shoes, 'when made with low-cut uppers without elastic sides and without tie or buckle or other fastening to the upper, intending thereby to describe shoes commonly called 'slippers,'" is reduced until further notice to 1 cent per pair.

The stamp on men's boots, made without crimping the upper at the ankle, commonly called opera boots, is reduced until further notice to 3 cents per pair.

48 In witness whereof the parties aforesaid have hereunto put their hands and seals, with the understanding that the number of the machine may be entered after signing.

——— ———. [SEAL.]
——— ———. [SEAL.]

Replication. (*Filed March* 25, 1885.)

The replication of Gordon McKay, trustee for the McKay Sewing Machine Association, to the answer and amended answer filed by Frank W. Smith and Benjamin M. Payne.

The repliant, saving and reserving unto himself all and all manner of advantage of exception to the manifold insufficiencies of the said answer and amended answer, for replication thereunto says that he will aver, maintain, and prove his said bill and amended bill to be true, certain, and sufficient in law to be answered unto, and that the said answer and amended answer of the said defendants is uncertain, untrue, and insufficient to be replied unto by this repliant; without this, that any other matter or thing whatsoever in the said answer and amended answer contained material or effectual in law to be replied unto, confessed, avoided, traversed, or denied is true; all which matters and things this repliant is and will be ready to aver and prove as this honorable court shall direct, and humbly prays as in and by his said bill and amended bill he has already prayed.

J. J. MYERS,
Solicitor and of Counsel for Complainant.

49 This cause was thence continued from term to term to the May term, A. D. 1886, of this court, when the following motion was filed:

Defendants' Motion to Dismiss. (*Filed September* 18, 1886.)

And now come the defendants in the above-entitled cause and move that it be dismissed from this court in equity, for that this court, sitting in equity, has no jurisdiction thereof, because, first, that it does not appear from the pleadings that the complainant has not a plain, adequate, and complete remedy at law; secondly, that it appears in this case that a plain, adequate, and complete remedy may be had at law.

By their counsel, CHAS. ALLEN TABER.

This cause was thence continued to the October term, A. D. 1886, of this court, when the same came on to be heard upon defendants' motion to dismiss, and was fully heard upon said motion on the fifteenth day of October, 1886, by the court, the Honorable Le Baron D. Colt, circuit judge, and the Honorable George M. Carpenter, district judge for the district of Rhode Island, duly assigned to
50 hold this circuit court, sitting. On the twenty-seventh day of November, 1886, the opinion of the court was announced, and defendants' motion to dismiss was denied. On the twenty-fourth day of December, 1886, the following amendment to defendants' answer was filed by consent:

Amendments to Defendants' Answer. (*Filed by Consent December* 24, 1886.)

And these defendants, further answering, say that in addition to the royalty stipulated to be paid in said license the firm of Prichard, Smith & Co., at the time of the execution of the original license of said machines to them, paid to the complainant a large sum of money, to wit, four hundred and seventy-five dollars, which payment was designed and intended to be the equivalent for and to be the price of said machines, and that these defendants did at the time of the transfer to them pay said sum of money to the said firm of Prichard, Smith & Co.

And these respondents, further answering, say that since the spring of 1880, by the acts and with the consent of the plaintiff, they have been ousted, evicted, and deprived of that part of the monopoly created by the letters patent set forth in the bill which the plaintiff undertook to convey to them by said license and in the enjoyment and possession of which the plaintiff agreed
51 and was, in equity and good conscience, bound to secure to them and to take no steps to deprive or permit them to be deprived thereof, but of which they have been deprived and from which they have been ousted and evicted by the unjust, inequitable, and unanticipated competition to which they have been exposed by the said acts and omissions of the plaintiff, and also in other ways by the plaintiff's said acts and omissions, to the great injury of their business, and that by reason thereof these defendants are not and have not since said time been bound to pay the royalty stipulated for in said license nor to keep or perform any of their covenants or agreements in said license contained.

And these defendants, further answering, say upon their information and belief that said Blake was not the original or first inventor of the alleged invention set forth and claimed in the said letters patent No. 107,155, but that Lewis G. Clock, then and now living in Boston, in the district of Massachusetts, was the first and original inventor thereof, and that said Blake surreptitiously and unjustly obtained said letters patent for that which was in fact invented by said Clock, who was then using reasonable diligence in adapting and perfecting the same in said Boston; and these defendants further say upon their information and belief that the supposed invention set forth and claimed in the said letters patent No. 107,155 was and is of no value, and that the same is not new
52 and useful, that no inventive skill was involved in or required for or shown in the same, and that the supposed invention set forth and claimed in said letters patent was not and is not patentable, and by reason of each and every of said defects the said letters patent were and ever have been null and void.

And, further answering, these defendants say that on or about January 23, 1878, this complainant agreed, for a valuable consideration received from the defendants, that if the reissued letters patent

No. 6535 were not extended the leases and licenses of the machines of the complainant's would expire on August 14, 1881.

FRANK W. SMITH.
By their counsel, CHAS. ALLEN TABER.

UNITED STATES OF AMERICA, *District of Massachusetts*, } ss:

Frank W. Smith, being duly sworn, does depose and say that he is one of the defendants named in the foregoing answer subscribed by him; that he has read the same and knows the contents thereof, and that the same is true of his own knowledge except as to the matters therein stated on information and believe, and as to those matters he verily believes it to be true.

Subscribed and sworn to this 23d day of December, 1886, before me—

GEORGE A. O. ERNST,
[SEAL.] *Notary Public.*

53 This cause was thence continued from term to term to the October term, A. D. 1888, of this court, when, publication of the testimony having passed in the clerk's office, it was set down for hearing and fully heard by the court upon the pleadings and proofs therein, and thence was continued under advisement to the May term, A. D. 1889, of this court, when the opinion of the court was announced and the following decree for the complainant was entered:

Decree for Complainant for an Accounting and for Reference to a Master.
(*August* 2, 1889.)

(MEMORANDUM.—This decree is omitted in this transcript of record by direction of the parties hereto, the same not being deemed necessary for the determination of the question of jurisdiction.—John G. Stetson, clerk.)

This cause was thence continued from term to term to the present October term, A. D. 1891, of this court, when the following report is filed by the master herein:

Master's Report. (*Filed October* 24, 1891.)

(MEMORANDUM.—This master's report is omitted in this transcript of record by direction of the parties hereto, the same not being deemed necessary for the determination of the question of jurisdiction.—John G. Stetson, clerk.)

54 This cause is thereupon set down for hearing upon the master's report, and is heard on the seventh day of November, 1891, by the court, the Honorable Le Baron B. Colt, circuit judge, sitting. On the twenty-fifth day of November, 1891, the opinion of the court is announced and the report of the master herein is confirmed. On the twenty-second day of December, 1891, the following final decree is entered:

Final Decree. (*December* 22, 1891.)

Upon the coming in of the master's report, and after hearing counsel thereon, it is now, to wit, December 22, 1891, ordered, adjudged, and decreed that the complainant recover of the defendants the sum of $3,417.36, damages, and $1,350.70, interest thereon from the various times when the license fees fell due, and costs of suit, taxed at $1,230.41.

By the court:

JOHN G. STETSON, *Clerk.*

On the twenty-sixth day of December, 1891, the defendants file the following petition for appeal and assignment of errors:

Petition for Appeal and Assignment of Errors. (*Filed December* 26, 1891.)

The above-named respondents, Frank W. Smith, James E. M. Stoughton, and Benjamin M. Payne, conceiving themselves aggrieved by the final decree in the above-entitled proceeding,
55 entered on the twenty-second day of December, 1891, do hereby appeal therefrom to the Supreme Court of the United States, and assign the following as errors, asserted and intended to be urged, as follows:

1. That the court erred in taking jurisdiction of the bill of said complainant.

2. That the court erred in not dismissing the bill of the said complainant for want of jurisdiction.

The said respondents pray that this their appeal may be allowed, and that the question of jurisdiction may be certified to the Supreme Court of the United States.

PAYSON E. TUCKER,
Attorney for Defendants and Appellants,
Frank W. Smith, James E. M. Stoughton,
and Benjamin M. Payne.

On said twenty-sixth day of December, 1891, the defendants giving good and sufficient security that they will prosecute their appeal to effect and answer all damages and costs if they fail to make their appeal good, said appeal is allowed, and a citation is issued thereon, returnable in the Supreme Court of the United States, holden at Washington, on the twenty-third day of January, 1892.

A true record.

Attest: JOHN G. STETSON, *Clerk.*

56 *Clerk's Certificate.*

UNITED STATES OF AMERICA, }
District of Massachusetts, } *ss:*

I, John G. Stetson, clerk of the circuit court of the United States for the district of Massachusetts, within the first circuit, certify that

the foregoing is a true copy of so much of the record as is necessary for the determination of the question of jurisdiction in the cause in equity entitled No. 2081, equity, Gordon McKay, trustee, complainant, *v.* Frank W. Smith *et al.*, defendants, in said circuit court determined.

I further certify that annexed hereto are true copies of the following papers:

(1) opinion of the court announced November 27, 1886, in accordance with which defendants' motion to dismiss this cause was denied; (2) opinion of the court announced August 2, 1889, in accordance with which the decree for complainant for an accounting and for reference to a master was entered, and (3) bond to party on the appeal in said cause, and also that annexed hereto is the original citation on said appeal, with acknowledgment of service thereof.

Seal of the Circuit Court, Massachusetts.

In testimony whereof I hereunto set my hand and affix the seal of said circuit court, at Boston, in said district, this sixteenth day of January, A. D. 1892, in the one hundred and sixteenth year of the Independence of the United States of America.

JOHN G. STETSON, *Clerk.*

57 Circuit Court of the United States, District of Massachusetts.
In Equity.

GORDON MCKAY, Trustee, *v.* FRANK W. SMITH *et al.* } No. 2081.

SAME *v.* HENRY H. TUCKER. } No. 2200.

Opinion of the Court (*November* 27, 1886).

COLT, *J.:*

In these two cases the bills are substantially alike. The defendants have filed a motion to dismiss in each case on the ground that the plaintiff has a plain, adequate, and complete remedy at law. The bills set forth a license to the defendants to use certain patents embodied in machines leased to the defendants. The license provides, among other things, that the licensee shall pay the sum of ten cents for every pair of shoes made by the aid of the machines or by the use of the patents or any of them, or instead thereof he shall purchase and affix to every pair of shoes a license stamp of a value to be determined by reference to a schedule attached to and forming part of the license. The licensee agrees to keep an account of the shoes made and to render an account every six months to the licenser. It was also agreed that the license shall continue until the expiration of all the patents, or any extensions or renewals of

the same. The bills allege that the defendants have continued
58 to use the machines, making many pairs of shoes monthly, and that since August or September, 1881, they have wholly neglected to purchase and affix stamps to the shoes made by the machines, and that they have refused to pay any license fees, neglected to render any accounts, and that they have removed from the machines the indicator registering the amount of work done. The prayer of the bill is for discovery and account; also that the defendants may be decreed to pay the license fees found due, and that they may be enjoined from using the machines until they have paid the amount found due under the license.

The only question raised by these motions to dismiss is, whether upon the allegations contained in the bills the plaintiff has made a case cognizable in a court of equity or whether his proper remedy is at law. I think the plaintiff has brought himself within recognized grounds of equitable jurisdiction and that the motions should be denied. The bills not only pray for discovery and account, which of themselves might be deemed insufficient in this class of cases, but they also pray for an injunction against the use of machines embodying patents which are unexpired. Bills of this character have frequently been sustained by the courts. Goodyear *v.* The Congress Rubber Company, 3 Blatch., 449; Woodworth *v.* Weed, 1 Blatch., 165; Wilson *v.* Sherman, 1 Blatch., 536; Eureka Company *v.* Bailey Company, 11 Wall., 488; Magic Ruffle Company *v.* Elm City Company, 13 Blatch., 151; White *v.* Lee, 3 Fed. Rep., 222; Nesmith *v.* Calvert, 1 Wood & Minot, 34.

In Crandall *v.* Plano Company, 24 Fed. Rep., 738, and in Perkins *v.* Hendryx, 23 Fed. Rep., 418, no injunction was asked for.

Motions denied.

59 Circuit Court of the United States, District of Massachusetts.
In Equity.

GORDON MCKAY, Trustee,
v.
FRANK W. SMITH *et al.*
} No. 2081.

Opinion of the Court (*August* 2, 1889).

COLT, *J.*:

The complainant in this suit seeks to recover of the defendants certain license fees for the use of a machine known as the McKay sewing-machine. The machine is for uniting the soles of boots and shoes to their vamps or uppers, and embodies in its construction several patents. The lease bears date January 23, 1878, and it terminated September 6, 1887, or at the expiration of the youngest patent used in the machine. McKay *v.* Mace, 23 Fed. Rep., 76. The plaintiff association issued many licenses of the same kind as that taken by the defendants. Upon the taking out of a license a certain sum of money was paid, either by way of expenses for putting up the machine or on account of its cost. By the terms of the license the licensee was to pay the sum of ten cents for each and

every pair of shoes made by aid of the machine, or, instead thereof, he might purchase and affix a certain stamp to each pair of shoes.

The present machine was originally licensed by the plaintiff to Prichard, Smith & Co. In January, 1878, a new firm was
60 formed, comprising the present defendants, and subsequently the original lease was surrendered to the plaintiff and a new one issued to the new firm. For this license and some other machinery the defendants paid $425.00 to the old firm.

Several defences were set up in the answer, but at the present hearing the main ground relied upon is the eviction of the defendants by the acts of the plaintiff.

The principal act complained of as constituting an eviction is as follows: In the spring of 1881, for certain reasons which it is unnecessary to enter into, the McKay association, represented by the plaintiff, determined after August 14 of that year to exact no more royalties for their machines, but to sell them to their licensees or to strangers for a gross sum of $350.00 for a new and $250.00 for an old machine, which were about the same amounts the original lessees paid for the expenses incidental to setting up their machines. This was called a commutation of royalties.

This course of action was determined upon after consultation between the plaintiff association and many of the leading manufacturers who had licenses, and the proposition has been accepted by most of the licensees.

It is contended by the defendants that this action on the part of the McKay association put strangers on a more advantageous footing than themselves with respect to the patents covered by their license, because strangers could buy a machine upon the payment of the same sum which they originally paid, and use it without the payment of any royalty. The broad ground is taken that a licensor, independent of any express covenants in the license, has no right to do any act which will impair the licensee's enjoyment of the monopoly granted by the license; that the licensee has a vested interest in the monopoly which the licensor is bound to respect and, it may be, to defend, and that if the licensor does any
61 act whereby the monopoly is injuriously affected, such as granting other licenses for a less royalty, the licensee is relieved from the further payment of license fees under his license.

I do not understand that the doctrine of eviction as between licensor and licensee has ever been pressed so far as this, and I find no case which supports the position of the defendants. It has been held that where a patent has been repealed, or where a licensee is enjoined from acting under a license at the suit of the owner of a senior patent, there is an eviction. Walker on Patents, § 307; Marston *v.* Swett, 66 N. Y., 206; S. C., 82 N. Y., 526; Pacific Iron Works *v.* Newhall, 34 Conn., 67. It was admitted by counsel for the plaintiff in Lawes *v.* Purser, 6 El. and Bl., 930, 932, that if every one had publicly used the patented invention, that might amount to an eviction, and Walker in the section cited says than an eviction will probably be held to occur wherever the patentee is defied by unli-

censed persons so extensively and so successfully as to deprive the licensees of the benefit of his share in the exclusive right which it was supposed to secure. Whether the general public use of a patented invention in the absence of any covenant in the lease that the licensor will prosecute infringers amounts to an eviction has not been, so far as I have been able to examine the cases, judicially determined, and upon the facts before me in this case it is not necessary to decide this question. The rule, however, is now well established that the mere invalidity of the patent is not a sufficient defence to the payment of royalties under a license, because the licensee may still continue to enjoy all the benefits of a valid patent. Birdsall *v.* Perego, 5 Blatch., 251; Marsh *v.* Dodge, 4 Hun., 278; Bartlett *v.* Holbrook, 1 Gray, 114; Marston *v.* Swett, 66 N. Y., 206; S. C., 82 N. Y., 526. In White *v.* Lee, 14 Fed. Rep., 789, the defendant sought to resist an action for license fees on the ground that the patent was void. In his opinion in that case Judge Lowell carefully reviews the authorities. His conclusion is that the
62 mere invalidity of the patent is not a sufficient defence, but "that something corresponding to eviction must be proved if a licensee would defend against an action for royalties." In other words, it is not enough for a licensee to prove that the patent is void, but he must also show that he has been deprived of the benefits secured to him under his license. It would seem, therefore, from the cases that eviction may be shown where the patent has been repealed, or where the licensee has been enjoined from acting under the license at the suit of the owner of a senior patent, or where he can show that he has been deprived of the benefits of his license under a patent which is void. In these instances it may be said that the subject-matter of the contract has been in substance destroyed, and therefore the payment of royalties should cease. A license is the grant of a right to manufacture, use, or sell the thing patented, but outside of the terms of the contract I do not see that there is any implied covenant that the licensor will protect the licensee in the full enjoyment of the monopoly.

If a licensee, as in this case, enters into an agreement to pay royalties for the use of a patented machine and attaches no such conditions to the contract as that the licensor will not license to others for a less royalty, or that the licensor will prosecute infringers, it is difficult to discover upon what principle the licensor is bound by any such conditions.

There is no implied covenant in a license that the licensor will protect the licensee against competition. In the present case more than one thousand licenses have been issued to use the McKay machine. By so doing the licensor creates competition; but it is not contended that this relieves the licensee from the payment of royalties, and with equal reason I think that a licensor may license others to use a patented machine at a less price, in the absence of any express agreement in the license, the same as a landlord may lease one
63 store in a block for a less rental than another. It is a question of contract. Admitting that there is an analogy between the case of landlord and tenant and that of licensor and licensee

under a patent, I do not see how that helps the defendants upon the facts before me in this suit. What was granted to the defendants was not the protection of the monopoly covered by the license, but the right to use a machine which embodies certain patents. If they were deprived of the use of the machine by the act of the licensor, they might set up eviction, but they cannot continue to use the machine and refuse to pay the royalty due under their contract. When we begin to import implied covenants into a license the problem meets us of where we are to begin and where to end. Upon the theory of the defendants in this case, it would seem that any act or omission on the part of a licensor which impairs the benefit to be derived from the use of the patents contained in the license amounts to an eviction and relieves the licensee from further payment of royalties and at the same time allows him to go on and use the patents. Such a doctrine as this, it seems to me, is manifestly unsound, and would lead to much confusion in this important branch of the patent law. The rule of caveat emptor should be invoked here as elsewhere, and if the licensee expects protection the terms and the degree of such protection should form part of his contract. It is quite common in licenses to provide that the licensor shall not grant future licenses for a less royalty without allowing prior licensees the benefit of any such reduction.

In the present case, there being no express stipulation in the license that the complainant should not lease or sell the machine to others for a less price, I think the defendants should account to the complainant for the amount of unpaid royalties due under their license upon the shoes manufactured by them on the McKay machine.

Decree for complainant.

64 *Bond to Party on Appeal.*

Know all men by these presents that we, Frank W. Smith, of Boston, in the State of Massachusetts; James E. M. Stoughton, of Boston, in said State, and Benjamin M. Payne, of Topeka, in the State of Kansas, formerly copartners doing business at South Abington, in the State of Massachusetts, under the firm name of Smith, Stoughton and Payne, as principals, and Preston B. Keith, of Brockton, and Henry B. Endicott, of Dedham, both in the State of Massachusetts, as sureties, are held and firmly bound unto Gordon McKay, of Newport, in the State of Rhode Island, as trustee for the McKay Sewing Machine Association, in the full and just sum of ten thousand dollars, to be paid to the said Gordon McKay, as trustee as aforesaid, his successors and his and their certain attorney, executors, administrators, or assigns; to which payment, well and truly to be made, we bind ourselves, our heirs, executors, and administrators, jointly and severally, by these presents.

Sealed with our seals and dated the twenty-sixth day of December, in the year of our Lord one thousand eight hundred and ninety-one.

Whereas lately, at a circuit court of the United States for the dis-

trict of Massachusetts, within the first circuit, in a suit in equity depending in said court between said Gordon McKay, as trustee for the McKay Sewing Machine Association, complainant, and said Frank W. Smith, James E. M. Stoughton, and Benjamin M. Payne, respondents, decree was rendered against the said Frank W. Smith, James E. M. Stoughton, and Benjamin M. Payne, respondents; and the said Frank W. Smith, James E. M. Stoughton, and Benjamin M. Payne, respondents, having obtained an appeal to remove the said cause to the Supreme Court of the United States to reverse the decree in the aforesaid suit, and a citation directed to the said Gordon McKay, as trustee for the McKay Sewing Machine Association, citing and admonishing him to be and appear at a Supreme Court of the United States to be holden at Washington on Saturday, January 23, 1892:

Now, the condition of the above obligation is such that if the said Frank W. Smith, James E. M. Stoughton, and Benjamin M. Payne shall prosecute their said appeal to effect and answer all damages and costs if they fail to make their plea good, then the above obligation to be null and void; otherwise to remain in full force and virtue.

FRANK W. SMITH. [L. S.]
JAMES E. M. STOUGHTON. [L. S.]
BENJAMIN M. PAYNE. [L. S.]
PRESTON B. KEITH. [L. S.]
HENRY B. ENDICOTT. [L. S.]

Signed, sealed, and delivered in presence of—
JAS. S. BUSH.
THOMAS C. BURGESS.
W. M. HORD.
T. H. HICKEY.
ARTHUR H. FISKE.

Approved:
LE BARON B. COLT,
Circuit Judge.

A true copy of the bond taken by the judge at the time of allowing the appeal named in said bond, which bond is on file in the office of the clerk of the circuit court of the United States for the first circuit and district of Massachusetts.

[Seal of the Circuit Court, Massachusetts.]

JOHN G. STETSON,
Clerk U. S. C. C., Mass. Dist.

65 *Citation on Appeal.*

UNITED STATES OF AMERICA, *ss:*

The President of the United States to Gordon McKay, of Newport, in the State of Rhode Island, and a citizen of said State, trustee for the McKay Sewing Machine Association, Greeting:

You are hereby cited and admonished to be and appear in the

Supreme Court of the United States, holden at Washington on the twenty-third day of January next, pursuant to an appeal duly obtained from a decree of the circuit court of the United States for the district of Massachusetts, wherein Frank W. Smith, James E. M. Stoughton, and Benjamin M. Payne, formerly doing business at South Abington, in said district of Massachusetts, under the firm name of Smith, Stoughton & Payne, are appellants and you are appellee, to show cause, if any there be, why the said decree entered against the said appellants should not be corrected and why speedy justice should not be done to the parties in that behalf.

Witness the Honorable Le Baron B. Colt, judge of the circuit court of the United States for the district of Massachusetts, this twenty-sixth day of December, in the year of our Lord one thousand eight hundred and ninety-one.

LE BARON B. COLT,
Circuit Judge.

Due service of the foregoing citation is hereby acknowledged.

JOSEPH B. WARNER,
JAMES J. MYERS,
Attorneys for Appellee.

Endorsed on cover: Case No. 14,968. Massachusetts C. C. U. S. Term No., 1494. Frank W. Smith, James E. M. Stoughton, & Benjamin M. Payne, formerly doing business under the firm name of Smith, Stoughton & Payne, appellants, *vs.* Gordon McKay, as trustee for the McKay Sewing Machine Association. Filed January 18, 1892.

Office Supreme Court U. S.
FILED.
NOV 18 1895
JAMES H. McKENNEY,
CLERK.

SUPREME COURT OF THE UNITED STATES,

OCTOBER TERM, 1895.

No. 83.

FRANK W. SMITH ET AL.,
APPELLANTS,

v.

GORDON McKAY, TRUSTEE,
APPELLEE.

BRIEF FOR APPELLANTS.

CAUSTEN BROWNE,
PAYSON ELIOT TUCKER,
CHARLES ALLEN TABER,
of Counsel.

BRIEF.

Statement of the case.

This is an appeal from a final decree of the Circuit Court for the district of Massachusetts, sitting in equity. The bill was brought upon a lease, reserving rent or license fees, of certain sewing machines and other machines to be used in connexion with them, which the complainant owned, in some or all of which were embodied sundry patented inventions also owned by the complainant. The bill prays for discovery, accounting, payment to complainant of the amount of rent found due, and an injunction restraining the defendants from using any of the aforesaid machines or patented inventions until they had fully paid the amount thus found to be due.

The lease is annexed to the bill, and printed at pages 10–15 of the record.

The question involved is that of jurisdiction of the Circuit Court, and is raised in the answer, and also by motion to dismiss founded on the pleadings. No evidence is reported.

Record, pages 24–31.

Specification of errors.

The error of the court below was in taking jurisdiction of the cause, and in refusing to dismiss the bill for want of jurisdiction; it appearing upon the bill that the complainant had a plain, adequate, and complete remedy at law.

The appeal properly comes from the Circuit Court directly to this court, because the jurisdiction of the court is in issue.

The act of March 3, 1891, creating the Circuit Courts of Appeals, provides (section 5) that "appeals may be taken from the . . . existing Circuit Courts direct to the Supreme Court . . . in any case in which the jurisdiction of the court is in issue;" and requires that "in such cases the question of jurisdiction alone shall be certified to the Supreme Court from the court below for decision."

The question of jurisdiction is properly certified to this court.

No particular form of words is prescribed or is necessary. "It is sufficient if there is a plain declaration that the single matter which is by the record sent up to this court for decision is a question of jurisdiction, and the precise question clearly, fully, and separately stated. . . *The record must affirmatively shew* that the trial court sends up for consideration a single definite question of jurisdiction." If that is done, it is enough.

Shields v. *Coleman*, 157 U.S. 177.
See also *In re Lehigh Co.*, 156 U.S. 322.

The clerk's certificate is at page 35. It states, *first*, that the record sent up is "so much of the record as is necessary for the determination of the question of jurisdiction in the cause;" and upon examining the record so sent up, it appears that there is *but one* question of jurisdiction in the cause, *i.e.*, the question whether the complainant has not a plain, adequate, and complete remedy at law; that the objection to the

jurisdiction in equity was *taken in the answer* (Record, p. 24), and the same benefit of it prayed as if it had been taken by plea or demurrer; and that the defendant afterwards (Record, p. 31) moved to *dismiss the bill* on the ground that the complainant had a plain, adequate, and complete remedy at law, which motion was denied; and, *secondly*, the certificate states that annexed is a true copy of the opinion of the court dismissing the motion; and upon examining the opinion so annexed (Record, p. 35), it appears that the court say that it is a motion to dismiss "on the ground that the plaintiff has a plain, adequate, and complete remedy at law."

Thus the record affirmatively and clearly shews that this question of jurisdiction, and this only, is brought up for consideration.

The reasons for appeal and assignment of errors in the court below were properly framed.

They were as follows (see Record, p. 34): —

1. That the court erred in taking jurisdiction of the bill.

2. That the court erred in not dismissing the bill for want of jurisdiction.

This assignment of errors complies with the 35th rule, viz., that it "shall set out separately and particularly each error asserted and intended to be urged."

But if it could be considered defective for want of specifying what the question of jurisdiction was, such objection will not be taken here, as the provision of the rule that "no appeal shall be allowed until such assignment of errors shall have been filed" shews that the assignment of errors is intended for the information of the court below. In the present case it was deemed by that court sufficient, for the appeal was allowed.

Even if there had been no assignment of errors in the court below, accompanying the appeal, it would not disturb the standing of the appeal in this court, which would hear it on the specification of errors contained in the appellant's brief.

Ackley v. *Hall*, 106 U.S. 428.

The material features of the bill and of the lease as bearing on the question of jurisdiction are as follows:

The bill alleges the ownership by the plaintiff below of several letters patent for improvements in sewing machines for sewing shoes, and in channelling machines used in connexion with said sewing machines, the embodiment of such improvements in sewing and channelling machines, and the lease by him by a written instrument to the defendants below of one such sewing and two such channelling machines, with the right to use such patented improvements so far only as they were embodied in said leased machines.

Record, pp. 1–9.

The bill goes on to recite that in and by said lease the lessees agreed to pay, as rent or license fees for the machines and for said use of said patented inventions in said machines, the sum of ten cents for every pair of boots or shoes made by the aid of any of said machines or of any of said patents; or, instead thereof, to purchase and affix to one of each pair of boots or shoes thus made a license stamp of a certain denominational value, to be determined by the class to which the shoe might be found to belong by reference to a schedule forming a part of the lease. This stamp the lessees agreed to affix in every case.

Record, p. 6, par. 10 of the bill.

(The stamp in nearly every case cost much less than ten cents.

See Schedule, Record, p. 15.

It was a plan to collect revenue by a stamp tax, with a penalty of ten cents for every infraction of the agreement to stamp.)

The bill then alleges (paragraph 10) that the said defendants below agreed to keep an account of all boots or shoes sewed by or for them by the aid of any of said machines, to make certain monthly and semi-annual reports to the plaintiff below shewing the number of pairs of each kind of boots and shoes so sewed; that said defendants agreed they would not contest the validity of any of said patents or of the lessor's title to them; that it was mutually agreed that the lease should continue until the expiration of all the patents which the lessees were licensed to use, and that at its expiration the lessees, having observed all the conditions of the lease, might, if they pleased, buy the machines for one dollar each.

The bill further alleges (paragraphs 11–13) that the lessees accepted the lease and the machines, and are enjoying the use of the latter, *and that the lease is still in force;* that the lessees for some time bought stamps and properly affixed them to the boots and shoes sewed by said machines, but for a long time past had failed and refused, and still failed and refused, either to stamp the boots or shoes, or to pay the ten cents royalty, or to render any account whatever; claiming that the lease had ended, and that they were entitled to said machines upon payment of one dollar each.

The bill then charges (paragraph 14) that the plaintiff below is entitled to a discovery and account of all boots and shoes sewed by aid of any of said machines or of any of

said patented improvements, and to an injunction restraining the defendants below from using any of said machines until they shall pay the plaintiff the amount due him for rent and license fees under said lease; and prays for relief in accordance with said charge.

The prayer for relief (paragraph 15) is as follows: —

"Wherefore your orator prays that the defendants may be required to make a full disclosure and discovery, upon their corporal oath and according to the best and utmost of their knowledge, information, and belief, of all the matters aforesaid, and especially that they may be required to make full discovery of all boots and shoes sewed by or for them on either and all of the machines, and by the use of any of the Letters Patent named or embraced in said Letters Patent and embodied in said machines, and hereinbefore set forth, since said first day of July A.D. 1881, and the class to which such boots and shoes belonged, according to the schedules forming a part of said lease, and to render a full account thereof, and to produce all books and accounts shewing the same; and also to make full disclosure and discovery of all daily accounts kept by the operator or operators of said machines since said first day of July, 1881, and to produce the same to this Honorable Court; and that they may be compelled to account for and pay over to your orator for each and every pair of boots and shoes sewed by or for them on said machines, or by the use of either of said patents, since the first day of March, 1881, and which were not duly stamped, the full license fee of ten cents for each and every pair, as provided in said license; and that they may be enjoined and restrained from using either of said machines or of said patented improvements until they have fully paid the full amount thus found to be due to your orator, and all due

damages, and for such other relief as equity may require; and that a writ of subpœna," etc.

It is important to note that *there is no claim in the bill that the appellants have used, or threaten to use, the appellee's patents, except as they are embodied in the leased machines, which is an authorised use, and not an infringement. The bill is simply brought to enforce payment of a demand growing out of a reservation of royalties or rent for the use of certain specified machines.*

There is no obligation imposed upon the lessees in the lease to use the machines unless they wish. They may let them remain idle if they choose. They pay no rent unless they use the machines, and then only in proportion to their use.

It is important also to note that, in case of failure of the lessees to make report, buy stamps, pay royalty, or observe any of the conditions of the lease, *the lessor can take the machines away from them*, since the lease in two places makes provision therefor, as follows: —

"And this lease is made and this license granted on condition that the lessee shall faithfully keep and perform all the conditions herein named contained on his part; and upon breach of said conditions or any of them by the lessee, the lessor, his successors in trust, legal representatives, or assigns, may at their option cancel and terminate this lease and license, and upon written notice thereof by the lessor, his successor, legal representatives, or assigns, to the lessee or to any one in possession or apparent control of the machines or either of them, this lease and license shall terminate, and posses-

sion of said machines shall thereupon revest in the lessor, his successors, legal representatives, or assigns."

Record, p. 11.

Second. "That in case the lessee refuses or neglects to perform or violates any of the conditions of this lease and license, the lessor, his successors, legal representatives, or assigns, shall have the right to terminate this lease and license by giving written notice as aforesaid that he has elected so to do; and upon the giving of such notice this lease and license shall be terminated, and the title and possession of said machines shall thereupon vest in the lessor, his successors or assigns, free and discharged of this lease and license; and the lessor, his successors, legal representatives, or assigns, or his or their authorised agents or agent, may thereupon enter the premises where said machines may be, and may take and remove the same, and the lessees shall have no claim whatever on account of any sum or sums he may have paid for or under this lease and license."

Record, pp. 13, 14.

The ground of equity jurisdiction must appear in the bill.

Gaines v. *Miller*, 111 U.S. 395–398.

Plaintiff below claimed that a court of equity could take jurisdiction on two grounds:

First, because the plaintiff asked for a discovery and account.

Second, because he prayed for an injunction.

It is submitted that on neither of these grounds could the equitable jurisdiction of the Circuit Court be invoked.

There is no jurisdiction in equity as of a bill for discovery and account.

The discovery sought is preliminary to the account, and unless such account or some other equitable relief can be given by the court, equity will not take jurisdiction, since it does not appear that any discovery is required in aid of any proceeding at law.

Buzard v. *Houston*, 119 U.S. 347.

So far as discovery alone is concerned, under the practice which prevails at law under the provisions of section 724 of the United States Revised Statutes, a party can obtain as full information for the protection of his interests in a suit at law as he could possibly secure by proceeding in equity. He may even call the defendants and compel them to testify.

Babbott v. *Tewksbury*, 46 Fed. Rep. 86.
Washburn & Moen Mfg. Co. v. *Freeman Wire Co.*, 41 Fed. Rep. 410.

There is not even an allegation that there is any material fact in the personal possession of the defendants which the plaintiff cannot prove at law. Even under the old practice, no ground would be shewn for discovery.

Brown v. *Swann*, 10 Pet. 501, 502.

The case is not one where the court will decree an account. There is no allegation that the account is so complicated that it cannot be conveniently taken in a court of law.

Baker v. *Biddle*, 1 Bald. 394–418.
Badger v. *McNamara*, 123 Mass. 117.

It is simply a case of a lease or license where rents or

royalties are reserved with covenants for monthly reports and periodical accountings and settlements.

There is no jurisdiction in equity as of a bill for injunction.

The injunction prayed is not an injunction *to restrain infringement.*

The bill is not so framed, but, on the other hand, it alleges that *the lease is in full force*, consequently the claim of the complainant is in contract, not in tort as for infringement.

But the bill could not stand *if it were* framed as a bill to restrain infringement, because the license is absolute. In *Consolidated Middlings Purifier Co.* v. *Wolf*, 28 Fed. Rep. 814, Justice BRADLEY at the circuit said and held thus: "We are clearly of opinion that under such a license [*i.e.*, an absolute license], the failure to pay the royalty stipulated and agreed to be paid does not forfeit the license, unless some condition of forfeiture for non-payment be inserted in it," and that the power to manufacture and sell is not at an end upon non-payment, but that the licensee, the patentee, or person granting the license, is *left to his action for the royalty or rent, and cannot file a bill upon the patent as for an infringement.*"

In the case at bar, there is a provision for forfeiture upon non-payment of royalty, but the complainants have elected not to take advantage of it. The lease remains in force, as the bill alleges.

The object of the injunction is simply to compel the payment of the royalties, as the bill says (Record, p. 9, par. 14), "restraining them from using either of said machines or said

patented improvements *until they shall have paid to your orator* the full amount which shall be found due to him from them under said license for said license fees."

This is not a legitimate object of the injunction remedy.

GRIER J., in *Saunders* v. *Logan*, 2 Fish. Pat. Cas. 171.

But the bill cannot be sustained as a bill for *injunction* to stop the use of the machines until the royalties are paid, because the contract of lease between the parties *provides another way* of stopping them. *The lessor has stipulated for his own remedy.*

The lease says (Record, p. 15, last paragraph) "that in case the lessee refuses or neglects to perform or violates any of the conditions of this lease and license, the lessor . . . shall have the right to terminate this lease and license by giving written notice as aforesaid that he has elected so to do, and upon the giving of such notice this lease and license shall be terminated, and the title and possession of such machines shall thereupon revest in the lessor . . . free and discharged of this lease and license, and the lessor . . . may thereupon enter the premises where said machines may be, and take and remove the same, and the lessee shall have no claim whatever on account of any sum or sums he may have paid for or under this lease and license."

The late Justice JACKSON, sitting at the circuit, concurred with the district judge in dismissing a bill under such circumstances. The case was *Washburn & Moen Mfg. Co.* v. *Cincinnati Barbed Wire Fence Co.*, 42 Fed. Rep. 675. The court say, at page 677, "Inasmuch as the payment of the royalty is a condition subsequent, and not a condition

precedent, the license is absolute, subject only to the forfeiture clause. *Such being the contract, the proposition in this case to waive the forfeiture, and substitute an injunction against manufacturing or selling under the license until payment of arrears of royalties, is in effect an appeal to a court of equity to coerce payment by making and enforcing a new contract for the parties, which ought not to be done.*"

The opinion then proceeds to give a very full review of the cases, including the decision of Judge COLT, from which the case at bar is the appeal; and says of that decision, "*It does not appear that the license contained a clause of forfeiture.*"

It is certainly true that the opinion of Judge COLT (Record, p. 35) overlooks that fact.

In regard to the cases cited by Judge COLT in support of his decision, it may be enough to say that they all *preceded Root* v. *Railway Co.*, 105 U.S. 189, which set in a new light the whole matter of suit in equity for the mere recovery of money in patent cases.

On the authority of that case, Justice BRADLEY, sitting at the circuit with Judge MCKENNAN, dismissed the bill in *Consolidated Middlings Purifier Co.* v. *Wolf*, 28 Fed. Rep. 814, a case not distinguishable from the case at bar. The bill was framed as a bill for infringement. Justice BRADLEY held that, the license being absolute, the non-payment of royalties did not (in the absence of some provision of forfeiture) work a forfeiture of the license so that the licensee could be treated as an infringer, but that the licensor is left to his action for the royalty or rent due; and then, assuming the bill to be amended so as to be a suit for the recovery of the royalties, he held that it could not be sustained. He says, "The Supreme Court of the United States in the case

of *Root* v. *R.R. Co.*, have, after much consideration, held that a suit merely for an account of gains, profits, and savings on a license, cannot be maintained in equity. *There must be something more. There must be some equitable ground of relief in addition to the mere demand for an account of that kind.*"

Finally, this court, in *Buzard* v. *Houston*, 119 U.S. 352, after quoting from the judiciary act that "suits in equity *shall not be sustained* in either of the courts of the United States *in any case where plain, adequate, and complete remedy may be had at law*," and reaffirming the principle that in such cases "the plaintiff must proceed at law *because the defendant has a constitutional right to a trial by jury*," proceeds to say and hold, "Accordingly, *a suit in equity to enforce a legal right can be brought only* when the court can give more complete and effectual relief, in kind or in degree, on the equity side than on the common law side; as, for instance, by compelling a specific performance, or the removal of a cloud on the title to real estate, *or preventing an injury for which damages are not recoverable at law*," etc.

Questions of jurisdiction which may be brought by appeal from the Circuit Courts directly to the Supreme Court include questions of equity jurisdiction of the Circuit Courts.

The appellees will contend that only questions of *federal* jurisdiction can be so brought directly here; and that if the Circuit Court has jurisdiction on its law side, the fact that it has no jurisdiction on its equity side raises no question of jurisdiction within the meaning of the act under which this appeal is taken.

On the other hand, *we* contend that the jurisdiction is in issue whenever it is claimed that the court has no jurisdiction to hear and decide *the case which is before it.*

The question of the right to bring suit in equity where the plaintiff has a plain, complete, and adequate remedy at law has always been treated in this court as a *question of jurisdiction;* so that the court, in cases where such a question was found to exist, might raise it of their own motion and dismiss the bill, as they have repeatedly done.

Oelrichs v. *Spain*, 15 Wall. 227.
Thompson v. *Railroad Companies*, 6 Wall. 137.
Root v. *Railway Co.*, 105 U.S. 212.
Hipp v. *Babin*, 19 How. 278.

Where words have acquired a definite meaning through judicial interpretation, they must be assumed to have been used by the legislature with such meaning, unless the contrary clearly appears.

Abbotsford, 98 U.S. 404.

The jurisdiction which is here denied is a matter of *statutory prohibition.* The Revised Statutes, sec. 723, say, "Suits in equity *shall not be* sustained in either of the courts of the United States in any case where a plain, adequate, and complete remedy may be had at law."

And the reason of this provision is that, where such a remedy may be had at law, it is the defendant's constitutional right to have it tried by a jury.

Hipp v. *Babin*, *supra.*
Parker v. *Woolen Co.*, 2 Black, 550.

Root v. *Railway Co.*, 105 U.S. 206.
Buzard v. *Houston*, 119 U.S. 347.

Considering again the words of the act under discussion, "In any case in which the jurisdiction of the court is in issue:' This means that the jurisdiction of the court to try and decide *the case which is before the court* is denied. It does not mean that jurisdiction is denied of any and all cases which might come before the court between the same parties on the same facts.

The question is of jurisdiction of *the case*, *i.e.*, the demand for relief upon the facts stated, being a subject on which the judicial power is capable of acting, and which has been submitted to it by a party in the forms required by law.

If the court is, by its constitution, not vested with the power of granting the relief demanded, upon the facts stated, it has no power to try and decide that case; in other words, has not jurisdiction of it.

Mississippi Mills v. *Cohn*, 150 U.S. 202, decided November 13, 1893, supports the contention of the appellants on this branch of the case.

An appeal was taken to this court from the Circuit Court under act of February 25, 1889, which was entitled "An act to provide for writs of error or appeals to the Supreme Court of the United States in all cases *involving the question of the jurisdiction of the courts below*," and provided that "in all cases where a final judgment or decree shall be rendered in a Circuit Court of the United States in which there shall have been *a question involving the jurisdiction of the court*, the party against whom the judgment or decree is rendered shall be entitled to an appeal or writ of error to the Supreme Court of the United States to review such judgment or

decree without reference to the amount of the same; but in cases where the decree or judgment does not exceed the sum of five thousand dollars, the Supreme Court shall not review any question raised upon the record, *except such question of jurisdiction*." This act of 1889 was repealed by the act of 1891 creating the Circuit Court of Appeals; but, so far as each is an act providing for appeal to the Supreme Court from a circuit court, where a question of the jurisdiction of the court is involved, they are *in pari materia*, and a decision upon the construction of the act of 1889 is an authority upon the construction of the act of 1891.

The language of the act of 1889 was, "all cases in which there shall have been a question involving the jurisdiction of the court." The language of the act of 1891 is, "any case in which the jurisdiction of the court is in issue." The meaning is the same.

In *Mississippi Mills* v. *Cohn*, there were two suits in equity consolidated. The Mississippi Mills was plaintiff in one, and Wood and Lee were plaintiffs in the other. Wood and Lee held two judgments against Cohn, one for $539.25 for goods sold by themselves to him, and the other a judgment obtained by Newman and Stockman against Cohn for about $20,000, and assigned to Wood and Lee. Wood and Lee sued in the Circuit Court to set aside as fraudulent a judgment obtained by Cohn's wife against him, and to subject certain property standing in the name of an outside party, but alleged to be in fact the property of Cohn, to the payment of the judgments so held by Wood and Lee. The Mississippi Mills commenced a like suit on a judgment obtained by them against Cohn for $751.46.

The Circuit Court held that Wood and Lee were not entitled to relief by reason of the Newman and Stockman judg-

ment, because Newman and Stockman, being citizens of the same state (Louisiana) with the defendants, could not sue in the Circuit Court, and their assignees, Wood and Lee, were under the same disability; and as to this, the Supreme Court *affirmed* the decision below.

The Circuit Court also dismissed the bill of Wood and Lee on their judgment against Cohn for $539.25, and the bill of the Mississippi Mills on their judgment against him for $751.46, on the ground "that no relief could be had in equity, because under the practice prescribed in that state, there was a remedy by an action at law." *This* decision the Supreme Court *reversed.*

It will be observed that no question of *federal* jurisdiction as compared with state jurisdiction was presented. Federal jurisdiction was assured by diversity of citizenship, Wood and Lee being citizens of Missouri, the Mississippi Mills of Mississippi, and the defendant of Louisiana, where the suit was brought.*

The only question of jurisdiction that *could* be raised in the Circuit Court and brought here by the appeal was the question of *jurisdiction in equity*, and this court dealt with it accordingly.

They say (p. 204) that there cannot "be any doubt of *the jurisdiction of this court over the appeal*, because the case in the trial court involved the question of the jurisdiction of that court." The only question of jurisdiction that was or could be raised in the trial court was the question of *equity* jurisdiction.

They then proceed to consider the question whether there

* In like manner, *federal* jurisdiction is assured in the case at bar, the plainant being a citizen of Rhode Island and the defendants citizens of Massachusetts.

was a plain, adequate, and complete remedy at law within the meaning of the judiciary act, and shew that there was not; and close the discussion by saying, "It follows from these considerations that the Circuit Court erred in dismissing these bills for want of jurisdiction." The opinion closes by quoting from the act of 1889 the provision that, if the decree or judgment does not exceed the sum of five thousand dollars, "the Supreme Court shall not review any question raised upon the record, except such question of jurisdiction;" and adding, "It follows, therefore, that in this case our inquiry must stop with that question of jurisdiction which we have determined."

We submit that this case is decisive of the right to bring to this court directly from the Circuit Court the question of *equity* jurisdiction under the Circuit Court of Appeals act.

The decision of the Circuit Court of Appeals in *World's Columbian Exposition* v. *United States*, in 6 C. C. A. 71 (three or four months before *Mississippi Mills* v. *Cohn*), was that the demurrer "for want of equity" did not raise a question of jurisdiction. Under this demurrer the Circuit Court had granted the injunction prayed, and the Court of Appeals reversed the interlocutory order of injunction. They held that it was not a case where the jurisdiction of the Circuit Court was in issue. They said, "We do not understand that the power of the Circuit Court to hear and determine the cause was denied, but that appellants contended that the United States had not by their bill made a case properly cognizable in a court of equity. The objection was the want of equity, and not the want of power. The jurisdiction of the Circuit Court was therefore not in issue within the intent and meaning of the act."

There was no question as to the jurisdiction in equity.

The United States prayed an injunction to stop the exhibition. The decision was that it was *not a proper case for the exercise of the power of injunction.*

Upon the whole case, we submit that the decree of the Circuit Court should be reversed, and the cause remanded, with directions to dismiss the bill with costs.

CAUSTEN BROWNE.
PAYSON ELIOT TUCKER.

Office Supreme Court U. S.
FILED.
DEC 19 1895
JAMES H. McKENNEY,
CLERK.

SUPREME COURT OF THE UNITED STATES.

OCTOBER TERM, 1895.

No. 83.

FRANK W. SMITH ET AL., *Appellants*,

v.

GORDON McKAY, AS TRUSTEE, *Appellee*.

BRIEF FOR APPELLEE.

JAMES J. MYERS,
Of Counsel.

Supreme Court of the United States.

OCTOBER TERM, 1895.

No. 83.

FRANK W. SMITH ET AL, *Appellants*,

v.

GORDON MCKAY, AS TRUSTEE, *Appellee*.

BRIEF FOR APPELLEE.

STATEMENT OF THE CASE.

This case comes before this court on appeal from a final decree of the United States Circuit Court for the District of Massachusetts, sitting in Equity.

The bill was brought by the plaintiff below (the appellee), as the owner and licensor of certain machines and the patents embodied therein, for an injunction, discovery and account, and other relief against the defendants below (the appellants), as licensees under a license, a copy which is annexed to and made a part of the bill.

By this license which bears date January 23, 1878, the plaintiff leased to the defendants one McKay Sewing Machine and two Channeling Machines, which machinery embodied various patents then belonging to the plaintiff; and also licensed the defendants "to use said patented machines upon the terms and conditions hereinafter set forth". . . and also to use certain patents granted to Lyman R. Blake, "for the

term of the existence of said patents or any of them, and of all re-issues, renewals and extensions of the same; said patents having been assigned by said Lyman R. Blake to said Gordon McKay, Trustee; and also, all patents which the lessor now has or may hereafter obtain, whether as original patentee or by assignment or license, applicable to said machines, and all reissues, extensions and renewals of the same." (Printed Record, pp. 10 and 11.)

The license then goes on to provide that the licensees shall pay as rent for the machines and for the license to use the patents, the sum of ten cents for every pair of boots or shoes made by the aid of said machines, or any of them, or by the use of said patents, or any of them; provided, however, that if the licensees shall purchase of the licensor and affix to one of every pair of boots or shoes thus made, as soon as they are finished and before they are boxed or exposed or removed for sale or consignment, a license stamp of a certain denominational value corresponding to and to be determined by the class to which the boot or shoe may be found to belong by reference to a schedule attached to and forming a part of the license, this shall be in full satisfaction of the license fee of ten cents per pair.

And these license-stamps the licensees expressly covenant that they will purchase of the lessor and will, as soon as the boots or shoes are finished, and before they are boxed, affix securely to the soles thereof — one stamp of the proper denominational value to one of each pair of boots or shoes thus made. (Printed Record, p. 12.)

And further: "The lessee hereby agrees to keep an account of all boots and shoes made by him or by any other person for him or for others by the aid of the machines hereby leased, or by use of the patents aforesaid, and to render an account thereof to the lessor, or his successors, legal repre-

sentatives or assigns, once in six months, namely, January 1st and July 1st, which account shall specify the number of pairs of boots and shoes made as above mentioned, and the class to which they belong according to the schedule; and also that the operator shall keep a daily account of all boots and shoes made in whole or in part by the aid of the said machines, specifying the classes to which they belong, which account the lessee agrees to send on the first of each month to the lessor; and whenever required by the lessor, his successors, legal representatives or assigns, to make oath to the correctness of said returns, and to allow the lessor, his successors, legal representatives, assigns, or authorized agents, to examine the original books and accounts of the lessee, in order to verify the returns aforesaid."

And the lessee also agrees: "That he will not in any way violate or infringe or contest the validity of any of the patents he is hereby licensed to use, or the sufficiency of their specifications, or the validity of the title of the lessor, or of his successors, legal representatives or assigns, to said patents, or any of them." (Printed Record, p. 13.)

And it is also agreed, "That this lease and license shall continue (provided the lessee complies with the terms and conditions thereof) until the expiration of all the letters patent which the lessee is hereby licensed to use, or any extensions or renewals of the same; and upon the expiration thereof, the lessee shall deliver to the lessor, his successors, legal representatives or assigns, the machines hereby leased, in good order, natural wear and tear alone excepted; and the lessee shall thereupon, if he has kept all the conditions of this lease and license, have the right to purchase the said machines for the sum of one dollar." (Printed Record, p. 14.)

And also: "In case any other machine or machines than those now hereby licensed and leased, embracing any of the

patents hereby licensed, shall hereafter come into the possession of the lessee without a lease or license from the lessor, his successors or assigns, then, in case the lessor, his successors or assigns, shall so elect all the covenants herein contained shall apply to such machine or machines and shall govern said parties respectively to the same extent as if the said machine or machines had been expressly included in this lease and license." (Printed Record, p. 14.)

And also: "The lessee agrees that he will allow the lessor, his successors and assigns, and his and their agents at any time hereafter, to attach an indicator, or counter, to any machine embracing any of the patents hereby licensed, which now is or which may hereafter come into the possession of the lessee, for the purpose of recording the number of the revolutions of the cam-shaft of said machine or of indicating the number of boots or shoes made, and to examine, modify, repair, or replace the said indicator, and that he, the lessee, will not disturb or interfere with nor permit any one else to disturb or interfere with any indicator which now is or which may be hereafter placed upon any machine as aforesaid." (Printed Record, p. 14.)

The bill further alleges that the Sewing Machine named in the license and leased to these defendants, embodies the inventions patented in several Letters Patent therein named, and owned by the lessor, among which were all the patented improvements covered by United States Letters Patent No. 107,155, owned by the lessor, and granted to Lyman R. Blake Sept. 6, 1870, for the full term of seventeen years from its date, namely, until September 6, 1887. (Printed Record, p. 5.)

The bill further alleges that the defendants on Jan. 23, 1878, the date of the license, accepted the license and the machines named therein, and thereafter substantially complied with all its terms as to purchasing stamps, and affixing

them to boots and shoes, keeping and rendering semi-annual accounts, keeping and sending to the lessor operators' daily reports, allowing access to the machines and allowing the indicator to remain undisturbed on said Sewing-machine, down to March 1,1881. (Printed Record, p. 6.)

That since the last-mentioned date they have continued to use said machines and said patented improvements, making by the use of them several thousand pairs of boots and shoes monthly, but that they have purchased only an insufficient number of stamps at various times since that date; and that since Aug. 1, 1881, they have wholly neglected to purchase and affix stamps to the boots and shoes made by the use of the leased machines, and have utterly neglected and refused to pay any license fees or royalties in any form; that since July 1, 1881, they have wholly neglected and refused to render the semi-annual account which they covenanted to render, though the plaintiff has repeatedly made special request therefor; and have neglected and refused to send to the licensor the daily account of the operator, which they covenanted to keep and send monthly; and that they have removed from the machine the indicator that was attached to it in conformity with the provisions of the lease, for registering the amount of work done by the machine, and have never since restored it; and that they now falsely pretend that the license terminated in August, 1881, and that their obligation to comply with its terms then ceased and their right to have said machine, free from all further payments of license fees or royalties, then accrued, on the payment of one dollar, and that they then sent the one dollar which the plaintiff immediately returned to them.

The prayer of the bill is for a full disclosure and discovery by the defendants upon oath, of all the boots and shoes sewed by or for them on said machine, or by use of any of the improvements embraced in any of said letters patent and em-

bodied in said machines, since said 1st day of July, 1881, and the class to which such boots and shoes belong, according to the schedule forming a part of said lease, and for a full account thereof and for the production of all books and accounts showing the same; and also for a full disclosure and discovery of all daily accounts kept by the operators of said machine since said 1st day of July, 1881, and for the production of said operators' accounts before the court; and also that the defendants may be decreed to account for and pay over the full license fees for all boots and shoes not duly stamped as provided by said license; and also for an injunction restraining the defendants from using either of said machines or of said patented improvements until they shall have fully paid the plaintiff the amount thus found to be due to the plaintiff under the license, and all damages; and also for such other relief as equity may require.

The bill was filed Sept. 22, 1884, when the patent of September 6, 1870, No. 107,155 — *and therefore the license — still had very nearly three years more to run.*

To this bill the defendants filed their answer setting up a variety of defenses, and winding up with the averment that the "bill does not show on its face any proper cause for application to the equity jurisdiction of this court, and that this complainant has a plain, adequate, and complete remedy at law." (Printed Record, p. 24.)

More than a year and a half afterwards, and after the plaintiff's evidence had all been put in, the defendants moved to dismiss the case on the ground of lack of jurisdiction in equity because it did not appear from the pleadings that the plaintiff had not "a plain, adequate, and complete remedy at law," and also because it did appear that he had such remedy at law. (Printed Record, p. 31.)

The motion was argued before Judges Colt and Carpenter, and their opinion denying the motion is to be found in Printed Record, pp. 35 and 36.

The case then proceeded, and a final decree was entered on the master's report, Dec. 22, 1891. (Printed Record, p. 34.)

From this decree the defendants filed their assignment of errors and petition for an appeal, and prayed that "the question of jurisdiction may be certified to the Supreme Court."

The appeal was allowed, and a citation was issued thereon; but no reference is made in the allowance of the appeal or in the citation issued thereon, to the certification of any question to this court or to the prayer of the defendants that the question be thus certified. (Record, p. 35.)

The appeal is claimed under the fifth section of the act of March 3, 1891, which provides that appeals may be taken "from the existing circuit courts direct to the Supreme Court . . . in any case in which the jurisdiction of the court is in issue; and in such cases the question of jurisdiction alone shall be certified to the Supreme Court from the court below for its decision."

The questions that arise on this record are three: —

I. Is the Question of Jurisdiction Properly Certified to this Court?

II. Is there any Right of Appeal to this Court in this Case?

III. Is there a Plain, Adequate, and Complete Remedy at Law in this Cause on the Case made by the Bill?

I.

The Question of Jurisdiction is not Properly Certified to this Court.

On this point it is not desired to enter upon any extended argument. The simple question is whether the certificate of

the Clerk of the Circuit Court in the form in which it is made in this case is a sufficient compliance with the requirement of the statute that "the question of jurisdiction alone shall be certified to the Supreme Court from the court below." In this record there is not, strictly speaking, it will be seen, any certification of any question whatever to this court — only a certificate by the Clerk of the Circuit Court that "the foregoing is a true copy of so much of the record as is necessary for the determination of the question of jurisdiction."

The appeal was allowed and the citation was issued thereon, and the Clerk then certified that he sent up a true copy of all the necessary parts of the record; but *no question of jurisdiction was certified*. There is no statement anywhere that the Circuit Court sent up any single or particular question.

Neither is there any statement whatever in the certificate of the Clerk as to what was the precise question of jurisdiction which it was sought to have reviewed by this court. Was the question one as to the jurisdiction of the Federal court, which turned upon the citizenship of the parties, or on the amount in dispute; or was it one as to the subject-matter involved in the case, or was it one as to the right of the Circuit Court to deal with the case on the equity side instead of the law side of the court? Neither in the Assignment of Errors, nor in the prayer that the appeal may be allowed and the question of jurisdiction may be certified to this court, nor in the allowance of the appeal, nor in the Clerk's certificate, nor in the citation, is there anything to settle this point, or even to throw any light upon it.

To be sure by resorting to the rest of the record, including the opinion in the Circuit Court on the motion to dismiss, one may infer that the question of jurisdiction which the defendants desire to have certified is the same one argued more than five years before on the motion to dismiss on the ground of there being a plain, adequate, and complete remedy at law;

but this is only inference after all, and this court has often refused to search through the record of a case to discover what the question was which it was sought to have reviewed.

By the terms of the act under which this appeal is brought the question which puts the jurisdiction of the Court in issue must be certified to this court from the court below for decision, and this court has repeatedly held that when an appeal or writ of error is taken directly to this court from the Circuit Court, on a case falling within the first class of section five of the act, a certificate from the Circuit Court, of the question of jurisdiction to be decided, is an absolute pre-requisite for the exercise of jurisdiction by this court.

Maynard *vs.* Hecht, 151 U. S. 324.
Moran *vs.* Hagerman, 151 U. S. 329.
Colvin *vs.* Jacksonville, 157 U. S. 368.
Davis & Rankin Building Co. *vs.* Barber, 157 U. S. 673.
Cincinnati H. & D. R. R. *vs.* McKeen, 149 U. S. 259.
Columbus Watch Co. *vs.* Robbins 148 U. S. 266.
Shields *vs.* Coleman, 157 U. S. 168.

In the case of Maynard *vs.* Hecht, after reviewing several of the cases relating to certification of questions to this court, this court said: "We think the intention of Congress as to the certification mentioned in both sections is to be arrived at in the light of the rules theretofore prevailing as to certifying from the court below, and since, in the instance of an appeal upon the question of jurisdiction under the fifth section of the act, a certificate by the Circuit Court presenting such question for the determination of this court is explicitly and in terms required in order to invoke the exercise by this court of its appellate jurisdiction, we are of the opinion that

the absence of such certificate is fatal to the maintenance of the writ of error in this cause. The narrowness of range in the particular instance can make no difference in the application of the principle."

"It appears that the petition for writ of error was filed in this case July 6, 1891, together with a bond for the prosecution thereof, and an assignment of errors, and this petition, and the assignment raised the question that the matter in dispute in the cause did not exceed, exclusive of interest and costs, the sum of two thousand dollars; but the trial judge made no endorsement thereon. The writ specifies no particular ground of error, and it is upon the writ that the allowance was entered November 16, 1891, the judge certifying that on that day it was presented to him 'for allowance and signature.' But in any view, the absence of the formal certificate cannot be helped out by resort to these papers. *The inquiry is not whether we can ascertain the question sought to be presented, but whether we can exercise jurisdiction under the statute, which we cannot if the certificate is an absolute pre-requisite as we hold it to be.*"

And this rule was applied no less strictly in several of the cases cited above, especially in Moran *vs.* Hagerman, Colvin *vs.* Jacksonville, and Davis & Rankin Building Co. *vs.* Barber.

In Columbus Watch Co. *vs.* Robbins, 148 U. S. 266, the Judge of the Circuit Court of Appeals certified a case to the Supreme Court for its opinion on questions of law by a somewhat full certificate ending as follows: "It is therefore ordered that a copy hereof, certified under the seal of the court, be transmitted to the clerk of the Supreme Court of the United States."

And in the opinion in that case on page 269 Mr. Chief Justice Fuller, delivering the opinion of the court, said: "We regard the certificate before us as essentially defective. It does

not specifically set forth the question or questions to be answered. . . . As in our judgment this certificate is not in compliance with the statute, we must decline to certify any opinion upon the matters involved, and direct the cause to be dismissed."

The case of Cincinnati, Hamilton and Dayton R. R. Co. *vs.* McKeen, 149 U. S. 259, arose on a certification of questions and propositions of law, from the United States Circuit Court of Appeals to the Supreme Court. The certificate, after stating the questions, concluded with the direction to the clerk to transmit to the Clerk of the Supreme Court of the United States, in connection with the certificate, twenty copies of the printed record in the cause; and it was apparent, this court said, that reference to that record was necessary in order to the correct determination of the questions. Accordingly this court declined to answer the questions contained in the certificate and ordered the case to be dismissed.

And the case of Shields *vs.* Coleman, 157 U. S. 177, forms no exception to the rule laid down in Maynard *vs.* Hecht, and several other cases, requiring that the precise question at issue in the Circuit Court shall be certified to this court in order to give this court jurisdiction; for, in the opinion in that case, the court below in allowing the appeal said: "This appeal is granted solely upon the question of jurisdiction." And this court, in the opinion holding the certificate sufficient, expressly rested its decision on the above quotation from the order of the court below and on the further fact that the court below "at the same time reserved to itself the right, which it subsequently exercised, of determining what portions of the proceedings should be incorporated into the record sent here for the purpose of presenting this question."

That this case of Shields *vs.* Coleman was not intended by this court to put any limitation on the case of Maynard *vs.* Hecht

finds full confirmation in the cases of Colvin *vs.* Jacksonville and Davis & Rankin Building Co. *vs.* Barber, *supra*, both of which were reported after Shields *vs.* Coleman and in the same volume of the Reports with that case; and in both of those cases the case of Maynard *vs.* Hecht is cited and the decision of the court in each case is rested upon it.

Upon the authority of these cases this appeal should be dismissed.

II.

There is no Right of Appeal to this Court in this Case.

By their motion to dismiss in this case the defendants did not raise any question as to the jurisdiction of the Federal court, as such, nor any question which could have been raised in any State court either by demurrer to the jurisdiction, or by plea to the jurisdiction; but, on the contrary, they raised a question which is always regarded as, in effect, a demurrer *to the substance of the bill*,— a question as to whether the plaintiff had made out a case that would entitle him to relief in equity, before any court which had the right and the power to deal with the parties and the subject matter and to decide that question. Merwin on Equity and Equity Pleading, § § 964, 967 and 978. And this is such a fundamental rule of equity pleading as to require no further discussion in this court.

It was, therefore, a question of the want of equity and not the want of power that the defendants raised, and the jurisdiction of the Circuit Court was therefore not in issue within the meaning and intent of the first paragraph of section five of the Act of March 3, 1891.

By the term "jurisdiction of the court" in the sense in which it is used in that act, we say, is meant the right and power of the Federal court to deal with the parties before it, upon the subject matter before it. Whether a case has been made out by the plaintiff in equity, or at law, or whether the bill or declaration is demurrable because the allegations are not sufficient to show that he is entitled to any remedy, is not a question that puts in issue the jurisdiction of the court, within the meaning and intent of the act.

By the Constitution of the United States certain judicial powers were granted to the Supreme Court and to such subordinate courts as Congress should from time to time establish, and the judicial powers not so granted remained in the several states. It has therefore, from the first, been felt to be a matter of importance, by both Congress and the several states, that this line of demarkation between the jurisdiction of the Federal courts and that of the several States, should be kept clear and distinct. Indeed, the question of the proper limits of Federal jurisdiction — this capacity of the Federal courts to deal with certain parties and certain questions — has at times been the source of no little jealousy and friction and even of controversy, and Congress has therefore naturally felt called upon to guard against the consequences of any possible mistakes of the subordinate courts in assuming jurisdiction, by providing for a right of review of every such case by the Supreme Court.

And it was just this consideration, it is submitted, which led to the insertion of the provision in the act of March 3, 1891, giving the right of review by this court "in any case in which the jurisdiction of the court is in issue." To assume that it was inserted for some other purpose is to lose sight altogether of one of the most striking features of our judiciary system as a whole — the division of jurisdiction between the Federal and the State courts — and to give a new and a different definition and meaning to the well-established and most common use

of the term, "a jurisdictional question," when used in connection with any proceeding brought in a Federal court.

Therefore we say that the provision "any case in which the jurisdiction of the court is in issue" means, in the contemplation of this act of Congress, any case in which the question in issue is, whether the Federal courts have the power and judicial capacity to deal with the parties and the case, or must leave it to the courts of the several States.

And it was in view of this well recognized and jealously guarded question of the distinction between Federal and State jurisdiction, it is submitted, that this provision for a review by this court "in any case where the jurisdiction of the court is in issue," was introduced into the act.

The case of the World's Columbian Exposition *vs.* United States, 56 Fed. Rep. 654, well illustrates this point. That case was a bill in equity by the United States for an injunction against opening the Exposition grounds or buildings on Sunday. A preliminary injunction was granted by the Circuit Court and an appeal to the Circuit Court of Appeals was thereupon taken by the defendants, under section seven of the Act of March 3, 1891, from the interlocutory order granting the injunction.

The appeal and the appellees' motion to dismiss the appeal came on to be heard together. The appellees insisted that, by the defendants' objection to the bill on the ground that it failed to show a case for the intervention of a court of equity, the jurisdiction of the Circuit Court was put in issue, that therefore any appeal in the case must be taken direct to the Supreme Court, under section five of the Act of March 3, 1891, and not to the Circuit Court of Appeals under section six, and hence that no appeal to that court from the interlocutory order in the case, could be maintained under section seven of that act.

And it is important to notice that one of the points raised in

that case was that the Act of Congress which provided for the delivery of the two and one-half millions of dollars in souvenir coins was coupled with a condition that the Exposition should not be open to the public on Sunday; and on this condition, said Judge Jenkins in his opinion in the Circuit Court, "is the main question around which the controversy in this case arises."

To the claim of the Government that the defendants should be enjoined on that ground, the defendants replied that there was "a plain, adequate, and complete remedy at law" to be had by suing to recover back so much as had been paid over by the Government under this arrangement. Thus they raised precisely the same question found in the appeal in the case now before this court.

The Circuit Court of Appeals overruled the motion to dismiss, and in the opinion Mr. Chief Justice Fuller, sitting as Circuit Justice, said: "We do not understand that the power of the Circuit Court, to hear and determine the cause was denied, but that appellants contended that the United States had not, by their bill, made a case properly cognizable in a court of equity. The objection was the want of equity, not the want of power. The jurisdiction of the Circuit Court was therefore not in issue within the intent and meaning of the act."

So, in the case now before this court, the diverse citizenship of the parties and the sufficiency of the amount in controversy having been shown in the Circuit Court, that court had then the right and the power to proceed and hear and pass upon all the questions that might be raised between the parties. It would decide whether upon the bill the plaintiff had made out a case that, either by reason of the subject matter, or the character of the parties, entitled him to resort to a court of equity, and also whether or not he had, on the showing made by his bill, a plain, adequate, and complete remedy at law. And the

decision by the Circuit Court on any of these points would not be a decision on a jurisdictional question within the meaning and intent of the act under which the appeal in this case was taken.

The jurisdiction of the Circuit Court, as a Federal court, was settled when it had been shown or admitted, that the parties were citizens of different States and that the amount in dispute between them was sufficient to give the Circuit Court jurisdiction under the United States Statute. Thereafter it was not a question of jurisdiction — of right and power of the Circuit Court to deal with the case — but it was a question of the plaintiff, who had shown his right to be in that court, being able to make out a case that should entitle him to relief. And, even though there might be a good and perfect defense to the plaintiff's case, apparent on the face of the bill, still the Circuit Court had jurisdiction — *i. e.*, the right to hear and determine in their order the different questions that might be raised upon the pleadings and at the trial, between these citizens of different states, over a matter where more than the amount required to give the Circuit Court jurisdiction was in dispute.

Whether the court could give the relief asked for, or any relief at all, might be in little or much doubt, but the question would nevertheless remain one of remedy and not one of jurisdiction, and a decision that the plaintiff had not made out a case which entitled him to any remedy at all, would not go to the jurisdiction of the court.

So, in the case now before this court, it is to be taken as admitted by these defendants, for the purposes of this appeal, that the parties are citizens of different states, that the subject matter is, as between these parties, such that the Circuit Court was competent to deal with it, and still further, that the plaintiff has made out a case which entitles him to relief in the Circuit Court against these defendants and upon these facts,— but, they insist it should be on the other side of the

court merely, and when it is sitting as a court of law instead of as a court of equity.

Hence the defendants say "the jurisdiction of the court is in issue," and that in this case, and in every case where the defendant in equity sees fit to file a demurrer to the bill in the Circuit Court on the ground of there being a plain, adequate, and complete remedy at law, the Supreme Court must, in entire disregard of the purpose for which the act of March 3, 1891, was passed, hear and determine the case upon appeal. And this, even though the amount in controversy be far below the amount that would have entitled them to come to this court on appeal before the act of Feb. 25, 1889, was passed.

The effect of such a construction of the statute in unnecessarily increasing the work of this court on certain classes of cases is obvious, and it is submitted that such a construction is not in conformity with the principle applied by this court in dealing with that act.

In the case of the American Construction Co. *vs.* Jacksonville Railway, 148 U. S. 382, this court said:

"The primary object of this act, well known as a matter of public history, manifest on the face of the act, and judicially declared in the leading cases under it, was to relieve this court of the overburdening of cases and controversies, arising from the rapid growth of the country, and the steady increase of litigation; and, for the accomplishment of this object, to transfer a large part of its appellate jurisdiction to the Circuit Courts of Appeals thereby established in each judicial circuit, and to distribute between this court and those, according to the scheme of the act, the entire appellate jurisdiction from the Circuit and District Courts of the United States." (McLish *vs.* Roff, 141 U. S. 661, 666; Lau Ow Bew's case, 141 U. S. 583, and 144 U. S. 47; Carey *vs.* Houston & Texas Central Ry. Co., 150 U. S. 170;

"The act has uniformly been so construed and applied by this court as to promote its general purpose of lessening the burden of litigation in this court, transferring the appellate jurisdiction in large classes of cases to the Circuit Court of Appeals, and *making the judgments of that court final, except in extraordinary cases.*"

What adequate reason can be advanced for such an increase of the work of this over-burdened court in this particular direction, as the construction contended for by these defendants would result in, when the very object Congress had in mind in passing the Act was to lessen that labor, it is difficult to imagine. Certainly, if any such extension of that labor was intended, we submit that Congress would have manifested that intention in some more explicit and unequivocal manner.

Furthermore, Congress has nowhere indicated any intention to give cases in equity any preference over those at law in respect of the right of review in the Supreme Court or in any other court, or to make jurisdiction in equity, as against jurisdiction at law, in any sense an element in determining the question of a right of review by a higher court. In the statute of March 3, 1891, we look in vain for any language indicating in the slightest degree any such purpose, and yet, if the construction of the statute contended for by the defendants should be adopted, the extraordinary result must inevitably follow that an appeal from the judgment of the Circuit Court can be taken to the Supreme Court in all cases in equity, whenever the defendant may see fit to demur on the ground of there being a plain, adequate and complete remedy at law.

The absurdity of such a result is one of the strongest possible arguments against the correctness of any such construction of the statute as the defendants contend for, especially when it is taken into account that that statute was especially designed to relieve this overburdened court of a portion of its work.

By the Act of March 3, 1887, 24 Stat., 552 C. 373, as

corrected by the Act of August 13, 1888, 25 Stat., 433 C. 866, it is provided: "That the Circuit Courts of the United States shall have original cognizance concurrent with the courts of the several states, of all suits of a civil nature, at common law or in equity . . . . . in which there shall be a controversy between citizens of different states, in which the matter in dispute exceeds, exclusive of interest and costs, the sum or value, as aforesaid ($2,000)."

By this statute, jurisdiction of suits between citizens of different states, whether at common or in equity, where the matter in dispute exceeded two thousand dollars, exclusive of interest and costs, was expressly conferred upon the Circuit Courts of the United States, and the two facts of diverse citizenship and a sufficient amount in dispute are thereby made, it is submitted, the *sole jurisdictional facts in addition to those which may be the basis of a demurrer to the jurisdiction, or a plea to the jurisdiction, in all courts.*

Whether there is a plain, adequate and complete remedy at law in a certain case, and whether the subject matter involved is such as to entitle a plaintiff to come into equity in another case, are important questions in all cases, but they are not *jurisditional facts*, within the intent and meaning of the statutes fixing the jurisdiction of the Federal courts.

"Clearly," as this court said in Avery *vs.* Cooke, 147 U. S. 371, 378, "the right of a plaintiff to sue cannot depend upon the defense which a defendant may choose to set up . . . " His consent cannot confer jurisdiction, and it cannot take it away. Jurisdiction is the power to hear and determine controversies between competent parties."

When, therefore, a suit is brought in the United States Circuit Court and the defendant demurs on the ground that it appears on the face of the bill that the parties are citizens of the same State, or, if it does not appear on the face of the bill, pleads that the plaintiff is a citizen of the same State as one of

the defendants, or assigns some other cause of that character, which shows that the plaintiff did not have the capacity to sue, the jurisdiction of the court to hear and determine the issue tendered, is denied. Thus an entirely new and different issue is raised, an issue which is altogether apart from the plaintiff's right to have any relief, and which turns entirely on the presence before the court of parties competent to present the issue.

And in this connection see the following cases, in all of which the ground of Federal jurisdiction was the diverse citizenship of the parties, and in each of which the appeal or writ of error taken direct to this court was dismissed on the ground that the court had no appellate jurisdiction of such cases.

National Bank of Baltimore *vs.* Peters, 144 U. S. 570.
Voorhees *vs.* Noye Mfg. Co., 157 U. S., 135.
Wanton *vs.* DeWolf, 142 U. S., 138.
Colvin *vs.* Jacksonville, 158 U. S., 457.
Tex. & Pac. Ry. Co. *vs.* Saunders, 151 U. S., 105.
Cincinnati Safe & Lock Co. *vs.* Grand Rapids Safety Dep. Co. 146 U. S., 54.
Chicago *vs.* St. Paul Railroad Co. *vs* Roberts, 141 U. S., 690.

See also Upton *vs.* McLaughlin, 105 U. S., 640.

The case of the National Bank of Baltimore *vs.* Peters, 144 U. S., 570, was a bill in equity against the receiver of an insolvent national bank and its late directors, in the Circuit Court of the United States, in which a demurrer was sustained and the bill was dismissed. On August 20, 1891, an appeal was allowed to the Supreme Court and citations duly issued and served. On motion made to dismiss, this court, in dismissing the appeal, said: "The case in hand did not come within either of the six classes of cases specified in section five;

and as the appeal was not taken until after July 1, 1891, it must be dismissed."

This case, it will be seen, was that of a bill in equity and demurrer, though it does not appear from the report of the case whether the demurrer was on the ground that the plaintiff had a plain, adequate and complete remedy at law, or on some other ground.

And in the case of Maynard *vs.* Hecht, 151 U. S. 324, this court in dismissing the appeal for want of a proper certificate of appeal used the following significant language (p. 128): "And upon this ground (the absence of a certificate) we dismiss the appeal without discussing whether the question of jurisdiction indicated could properly be held to have been in issue, *or whether, if so, the case would fall within the fifth section.*"

In Texas Pacific Railway *vs.* Sanders, 151 U. S. 105, which was brought to this court by writ of error under the act of February 25, 1889, Mr. Chief Justice Fuller, in delivering the opinion of this court, said (p. 108): "We are of the opinion that the writ of error must be dismissed because the judgment does not exceed the sum of five thousand dollars, exclusive of costs, and the jurisdiction of the court below was not involved within the meaning of the act of February 25, 1889.

Then after further consideration of the case he said (p. 109): "The plea was, therefore *not a plea to the jurisdiction, but a plea in bar.* It did not to seek to oust the jurisdiction of the Circuit Court for the Eastern District of Texas by reason of jurisdiction in the Eastern District of Louisiana or elsewhere, and to give the plaintiff a better writ, but to defeat his recovery altogether. We do not think this presented any question of jurisdiction, as such, which we could consider."

In Moran *v.* Hagerman, 151 U. S. 329, the assignment of errors was "for the reason that the term had elapsed at

which said original decree was made and the Circuit Court had lost jurisdiction of said suit and had no power or authority to modify or amend the original decree or to make any further order or decree in said suit;" and in delivering the opinion of this court Mr. Chief Justice Fuller said (p. 332): "And whether these or like matters might bring a case within the first class named in the fifth section of the act of March 3, 1891, we find it unnecessary to consider."

The case of Mississippi Mills *vs.* Cohn, 150 U. S. 202, will be much relied upon by the defendant's counsel, and indeed it is the only case, it is believed, which can be found that gives any support to their view of the meaning that is to put on the language of the statute.

In that case Wood & Lee, both citizens of Missouri, composing the firm of Wood & Lee, and Newman & Stockman, both citizens of Louisiana, composing the firm of Newman & Co., and the Mississippi Mills, a corporation organized under the laws of the State of Mississippi, had each obtained judgment in the State Court against Simon Cohn, a citizen of Louisiana. Then Newman & Stockman assigned their judgment to Wood & Lee. Then the Mississippi Mills brought a bill in equity in the State Court of Louisiana against Cohn and his wife and his mother-in-law, all citizens of Louisiana, asking to have a judgment against Cohn, and in favor of his wife, set aside as fraudulent, and to subject certain property, standing in the name of his mother-in-law, to the payment of its judgment.

This suit was subsequently removed to the Circuit Court of the United States for the Western District of Louisiana. Then Wood and Lee, proceeding on both the judgments owned by them, filed their bill in equity in the Circuit Court of the United States for the Western District of Louisiana, against Cohn, his wife, and his mother-in-law, of substantially the same nature as that commenced by the Mississippi Mills.

The two cases were afterwards consolidated by an order of the Circuit Court and proceeded as one case. The consolidated case was submitted to the Circuit Court, and a decree was entered dismissing the bills for want of jurisdiction, and the plaintiffs appealed to the Supreme Court, but no reasons for the appeal appear on the record.

The ground relied upon to give the Circuit Court jurisdiction was undoubtedly the diverse citizenship of the parties and the sufficiency of the amount in controversy, — over $500, when the two different bills were filed. No other ground of Federal jurisdiction was possible, it would appear.

The question of the jurisdiction of the Supreme Court over the whole case was, at the outset, involved in this appeal, by reason of the fact that the single decree covered all three of the judgments in the State Court — one of which judgments originally belonged to Newman & Stockman, who assigned it to Wood & Lee, and who by reason of the fact that they were citizens of the same state with the defendants, could not have brought the bill on that claim in the Circuit Court. The Supreme Court, therefore, had jurisdiction over the appeal, taking the case as a whole, on the ground that the jurisdiction of the Circuit Court was involved, by reason of this question as to the diverse citizenship of the parties to the suit.

Then this court, having separated the cases, proceeded to treat them as separately appealing, and to dispose of them accordingly.

In the case of the Mississippi Mills, the Supreme Court held that there was jurisdiction in the Circuit Court by reason of the diverse citizenship of the parties, and then went on to consider the question raised by the decision of the Circuit Court in holding that the rule of a Federal court in any proceeding in equity could be defeated or changed by a provision of State law; and this court held that it could not, and, therefore, as to that part of the case, as well as the part represented by

the judgment of Wood & Lee, held that the decree should be reversed.

As to that part of the case represented by the judgment of Newman & Stockman, who were, like the defendants, citizens of Louisiana when the judgment was obtained, the court held that the Circuit Court did not have jurisdiction, as Wood & Lee, the asignees of Newman & Stockman, were by the provision of the act of March 3, 1875, equally disabled with their assignors from bringing suit in the Circuit Court.

From this examination of the case, it is apparent the real question before this court in that case was, not whether the question of there being a plain, adequate and complete remedy at law was a jurisdictional question, but whether the Circuit Court sitting as a Federal Court of equity, had committed error by allowing a state law to overturn the rule of the practice in the Federal Court.

And in the opinion dealing with that question this court was necessarily drawn into a discussion of the difference between the State law and the Federal rule on the point with which it dealt, namely, that of the remedy at law and the remedy in equity, in respect of the class of cases to which the one then under consideration belonged.

What the Circuit Court had said was, that because the question which was before the Circuit Court was by the law of the State to be determined in a certain way—i. e. in a court of law, the same rule should be applied in the Federal Court. What the Supreme Court said was, not that the question of there being a plain, adequate and complete remedy at law was, or was not, a jurisdictional question, but that the state law whatever it might be, could not be allowed to affect the rule applied to the Circuit Court, and that the Circuit Court, by thus invoking the state law to interfere with the rule of the Federal Court, had committed error.

Or, putting the point in another way, the real question in

that case was, not whether the decision of the Circuit Court dismissing the bill in equity on the grouud that there was a plain, adequate and complete remedy at law, upon the showing made by the bill, would put the jurisdiction of the Circuit Court in issue within the intent and meaning of the Act of March 3, 1891, but it was, whether the decision of the Circuit Court in that case, lopping off a whole branch of well-recognized equity jurisdiction — namely that of creditors' bills — by reason of the existence of a State law, was such error that it gave this court jurisdiction to deal with it on that appeal.

Judge Boarman had said: (1) "That is the State Law, and (2), the Federal Court follows the State Law."

The Supreme Court said: (1) The Federal Court does not follow the State Law. (2) We must, therefore, ask if the two rules differ?"

The answer, was yes, because the Federal Court does entertain creditors' bills on the equity side, while the state law provides that this shall not be done. The real error in the case was therefore in following the state law.

And so, we submit that this case does not mean that in every case where the court may hold that, upon the facts shown by the bill, there is a plain, adequate and complete remedy at law, the jurisdiction of the court is in issue, within the meaning and intent of the Act of March 3, 1891, but it means that, if a Federal Court, following a rule of state law, thereby cuts off entirely one important branch of equity jurisdiction — creditors' bills — that action does raise an important question of constitutional law suitable for the Supreme Court to consider, on appeal, under the Act of Feb. 25, 1889.

The appeal in this case should be dismissed for want of appellate jurisdiction in this court.

III.

THERE IS NOT A PLAIN, ADEQUATE, AND COMPLETE REMEDY AT LAW IN THIS CAUSE ON THE CASE MADE BY THE BILL.

That there is jurisdiction of this cause in the Federal Court, on the ground of citizenship of the parties, and entirely independently of the subject matter of the suit, is not questioned. We are, therefore, not called upon to deal with, or to distinguish, those cases where, the parties being citizens of the same State, the question really was, as to the jurisdiction of the Federal Court in the particular case on some other ground, and not, as to jurisdiction in equity as distinguished from jurisdiction at law.

Such, for example, are the numerous cases where, upon a bill being brought between citizens of the same State, the question has turned upon the point whether or not the case was one arisng under the patent laws of the United States, as in Hartell *vs.* Tilghman, 99 U. S.

Neither are the grounds upon which equitable jurisdiction is claimed in the case before the court, in any way inconsistent with the case of Root *vs.* Railway Co. (105 U. S. 189), and the many other like cases, where bills in equity have been dismissed, when brought merely for an account of profits and damages against an infringer, after the patent had expired. In such cases, the patent having expired, there was no ground for an injunction to give jurisdiction in equity, and the account of damages and profits sought in all cases of suit against infringers is, it must be borne in mind, merely incidental and supplemental to the right to injunction, on which the equity jurisdiction in all such cases rests.

(*a*) To exclude jurisdiction in equity in any case, on the ground that there is a remedy at law, the rule has been laid down repeatedly by the Supreme Court that the remedy at law must be just as plain, adequate, and complete in all respects as the remedy in equity. On this point the law is clear, and section 723 of the Revised Statutes is merely declaratory.

In Boyce's Executors *vs.* Grundy, 3 Peters 210, 215, the court says: "This court has been often called upon to consider the 16th section of the Judiciary Act of 1789, and as often, either expressly or by the course of its decisions, has held that it is merely declaratory, making no alterations whatever in the rules of equity on the subject of legal remedy. It is not enough that there is a remedy at law; it must be plain and adequate, or in other words, as practical and as efficient to the ends of justice and its prompt administration, as the remedy in equity."

And again in Wylie *vs.* Coxe, 15 Howard 417, 420, the court says: "It is objected that equity can exercise no jurisdiction in the case, as adequate relief may be obtained at law.

"There may be a legal remedy, and yet if a more complete remedy can be had in chancery, it is sufficient ground for jurisdiction."

Again in Kilbourn *vs.* Sunderland, 130 U. S. 505, 514, the court says: "The point is also pressed that the remedy at law was plain, adequate, and complete, and jurisdiction in equity therefore wanting. . . . The jurisdiction in equity attaches unless the legal remedy, both in respect to the final relief and the mode of obtaining it, is as efficient as the remedy which equity would confer under the same circumstances."

Again in Oelrichs *vs.* Spain, 15 Wallace 211, 228, the court says: "But this (the 16th section of the Judiciary Act of 1789) is merely declaratory of the pre-existing rule, and does not apply when the remedy is not 'plain, adequate, and complete'; or, in other words, 'where it is not as practical

and efficient to the ends of justice and to its prompt administration, as the remedy in equity!"

Again in Lewis *vs.* Cocks, 23 Wallace 466, 470, the court says: "To bar equitable relief the legal remedy must be equally effectual with the equitable remedy, as to all the rights of the complainant. Where the remedy at law is not 'as practical and efficient to the ends of justice and its prompt administration,' the aid of equity may be invoked.'"

And to the same effect and equally strong are the following cases:—

Drexel *vs.* Berney, 122 U. S. 241, 252.
Sullivan *vs.* Portland, etc., R. R. Co. 94 U. S. 806, 811.
Watson *vs.* Sutherland, 5 Wallace 74, 78.
Morgan *vs.* Beloit, 7 Wallace 613, 618.

(*b*) *As to there being a plain, adequate, and complete remedy at law in this case so long as the lease remains in existence.*

The law provides no plain, or adequate or complete remedy and practically it provides none whatever:

(1) For the breach of the agreement to purchase stamps and the agreement to affix them to the shoes as soon as finished, which is, in effect, an agreement to purchase in advance, and is really *a condition precedent* to sewing any boots or shoes on the machine.

(2) Nor for the breach of the agreement to keep and render the semi-annual accounts on January 1st and July 1st, specifying the number of pairs of boots and shoes sewed and the classes to which they belong according to the schedule attached to the lease.

(3) Nor for the breach of the agreement to have the operator of the machine keep a daily account of the boots and shoes sewed, specifying the classes to which they belong.

(4) Nor for the breach of the agreement to send these operators' reports on the first day of each month to the lessor.

(5) Nor for breach of the agreement to allow access to defendants' books to see what work had been done by the use of the machines and to verify the operator's reports.

(6) Nor for the breach of the agreement not to disturb or interfere with, nor permit any one else to disturb or interfere with, the indicator on the leased machine.

And yet the defendants have expressly convenanted to do all of these and various other things, for the breach of which the law affords no relief.

(c) *As to there being a plain, adequate, and complete remedy at law by terminating the lease and re-taking possession of the machines.*

By so doing the plaintiff:

(1) Is obliged to release the defendants from their covenant that they will not in any way violate, or infringe, or contest the validity of any of the patents they are licensed to use, or the sufficiency of the specifications, or the validity of the title of the lessor thereto.

And this covenant the courts have repeatedly held is a valid one, and estops the licensee to contest the lessor's rights on these points. And in this case this covenant is of unusual value. Several of the broad, basic patents embodied in the machine had expired when the bill was brought, but the valuable improvement covered by the patent No. 107,155 still remained with three years more to run. The device covered by this patent was so small that its presence could not be detected, except by accurate inspection of the machine, and the

device occupied a concealed position in the horn of the machine. It doubled the quantity of work that could be done by the machine, but the quality of work done by the machine with or without the improvement was exactly the same, so it was impossible to tell from inspection of the work produced whether the patent was being infringed or not. The detection of an infringement of this patent was therefore practically impossible.

(2) He loses his right to bring other and after-acquired machines, containing any or all of the patents included in the license, under the lease.

This was of great importance as it enabled him, if the licensees obtained another machine embodying any of the expired, and broad, basic patents, to bring that machine under the license together with the machine named in the license, and thus to protect himself against the secret use by the licensees of the patent 107,155, and also entitled him, while meeting this difficulty, to receive a royalty on all boots and shoes sewed on after-acquired machines.

(3) He also loses his right to have an indicator on such after-acquired machine, to register the number of pairs of boots and shoes sewed by the use of it; and, in general, to have this machine brought under all the requirements that applied to the leased machine.

(d). This bill in equity is maintainable.

1st. The bill is maintainable on the ground that the plaintiff is entitled to the equitable relief of an injunction against the defendants, until they conform to the terms of their license by rendering accounts and paying the amount due as promised in their license.

Upon principle this would appear clear, for in no other way can the plaintiff have adequate and complete relief against these defendants. Without an injunction he is powerless to prevent

the defendants from using his patents, while refusing to pay for their use, unless he shall first abandon all his rights under the contract by cancelling it. And no good reason can be found, it is submitted, why these defendants should not be enjoined from using the plaintiff 's patents, unless they pay for their use, as they have agreed to do, just as any other person would be enjoined who was using them wrongfully. Surely, the fact that the amount which they are to pay for that use has been agreed upon, cannot furnish any reason for not enjoining them if they refuse to do as they have agreed to do.

In this case the plaintiff owned certain patents. He could enjoin any one from using them. He granted the defendants the right to use them on condition that the defendants do certain things. They accepted the license and then after a time, when it suited their purpose, said, we will no longer comply with the condition on which the patentee gives us the right to use the patents, but we will go on using them as we please. The patentee having given us the right to use the patents on certain conditions — if we do certain things — we can now altogether refuse to perform our part, and yet he cannot, without losing the benefit of all the covenants we have given in his favor, enjoin us from doing the very thing that we admit we would have no right to do, and that he could enjoin us from doing, if it were not for this license to do it, upon a condition which we openly refuse to perform.

In most ordinary cases of contract, it will be seen, there is not a right to an injunction to stop the thing that is being done, unless there is a covenant not to do it. In those cases, if the negative covenant—the covenant not to do the thing—is wanting, there is nothing on which equity can rest its right to interfere. The thing which is being done, without complying with the condition, is not of itself enjoinable, would not be if there were no contract regarding the matter, and hence equity is powerless.

But in a case like the one now before this court, the situation is very different. The act which is being done is of a nature such that it would be enjoined by equity in the absence of any contract. It needs no negative covenant to entitle the plaintiff to a right to have the defendant enjoined. That right to enjoin exists independently of the contract, but the contract has merely come in and suspended it, and when the defendant fails to entitle himself to do the thing, under the terms of the contract, he is no longer protected in doing it at all, and he may be enjoined, just as he would be if the conditional permission or license had not been given.

In such cases the act complained of being of itself enjoinable in equity, in the absence of any contract regarding it, becomes again enjoinable whenever the conditions, on which it is, by the contract, permitted to be done, are not complied with.

We start with an act that would be enjoined at the suit of the plaintiff were it not for the fact that he has given the license. When the defendant no longer has any right, in the view of equity, to do the thing then equity will enjoin him from doing it, just as if no conditional permission had been given.

And the authorities are numerous to the point that if a licensee refuses to perform the terms of his license, and especially if he attempts to repudiate all further obligations under the license, the court will give the licensor relief by enjoining the licensee from further use of the patent until he performs his duty.

Goodyear *vs.* The Congress Rubber Co., 3 Blatch. 449, 455.

Woodworth *vs.* Weed, 1 Blatch. 165.

Wilson *vs.* Sherman, 1 Blatch. 537.

The Magic Ruffle Co. *vs.* The Elm City Co., 13 Blatch. 151, 157.

White *vs.* Lee, 3 Fed. Rep. 222.

Eureka Co. *vs.* Bailey, 11 Wall, 488.
Brooks *vs.* Stolley, 3 McLean 523, 526, 528.
Foster *vs.* Goldschmidt, Fed. Rep.
McKay *vs.* Smith, 29 Fed. Rep. 295.
Ball & Glove Fastening Co. *vs.* Ball & Socket Co., 36 Fed. Rep. 309.
Day *vs.* Hartshorn, 3 Fish, Pat. Cases, 32.

In the case of Brooks *vs.* Stolley, 3 McLean, 523, 526, the court said: "But as the weekly payments may be enforced at law, it is contended that the remedy is at law, and not in equity. . . . . Now the terms of the contract make the performance of its stipulations by the defendant a condition to his continued use of the machine; and if the words of the contract did not import, and indeed clearly sustain this view, equitable considerations, arising from the nature of the contract, would require such a construction of it. The payment is to be made weekly. . . . . The frequent settlement and payments show that longer indulgence was not intended by the parties, and that a remedy at law would be no adequate relief to the complainants. *To enforce the payments by legal means, would require a weekly suit;* and this would subject the complainants to inconvenience, delay and expense, which would nearly, if not quite, be equal to the amount recovered. Such a construction of the agreement would be as inequitable as the remedy proposed would be inadequate. . . . . .

He (the defendant) has a license to use the machine on certain conditions; but it does not follow that he may use it without conditions. . . . . .

The complainants invoke the aid of equity, not to decree a specific execution of the contract, but to protect their rights as assignees of the patent. This right they allege has been infringed. The defendant relies on the license contained in the contract; but, having failed to make the weekly payments, he has no pretence of right to run the machine. . . . . .

The right claimed by the complainants is an equitable right, which is protected by the exercise of the extraordinary jurisdiction of a court of chancery; and in this view, it is of no importance whether the alleged violation is under the pretenee of a license or not. If the defendant have no license to use the machine, as he is now using it, he is without right or excuse.

An injunction is prayed, which, in effect, will annul the contract. Are the complainants entitled to an absolute injunction, which shall annihilate the contract? It appears to me, that short of this, adequate relief may be given. In this respect the case is altogether different from an ordinary case of infringement, where no contract has been made by the parties. In that case an absolute injunction is the only adequate relief; but, in the case under consideration, the complainants have licensed the defendant to use the patented right on certain conditions. If the use go beyond these conditions, there is an infringement, which must stand upon the general ground, unaffected by the contract; and as to such an use, the injunction should be absolute. On this ground the jurisdiction in this case is sustainable; and, having jurisdiction, the court may decide other matters between the parties, which, of themselves, might not afford ground for the original exercise of jurisdiction.

Upon the whole I will allow the writ prayed for, to enjoin the defendant from the use of the planing machine described in the bill, unless he shall pay, or offer to pay, to the complainants, one dollar and twenty-five cents for each and every thousand feet of boards he may have planed, the preceding week, every Monday, during the unexpired term of the patent; and unless he shall keep a regular account of the planing done, and permit the complainants to have access to the books, and unless the defendant shall also do the other things, which,

by the contract, he is bound to do, as the condition on which he is authorized to use the machine."

In the case of Woodworth *vs.* Weed, 1 Blatchf., 165, the lessee had given notes in payment of a license to construct one of the Woodworth planing machines, and when one of these notes fell due, it was unpaid. The bill charged that the permission to use the machine had become void, and that according to the terms and conditions of the license the defendant had no longer any right to use it, and prayed for an injunction to restrain its use.

Mr. Justice Nelson, then of this court, *held that the plaintiff was entitled to an injunction as prayed in the bill, unless the defendant paid the note:* and the court further said that it was optional with the plaintiff whether to resort to his remedy at common law to collect the notes, or to treat the rights of the defendant forfeited under the stipulation in the agreement of license that he might do so, if the notes were not paid.

In the case of Wilson *vs.* Sherman, 1 Blatchf., 537, Mr. Justice Nelson, then of this court, after saying that there was very little doubt, as the case stood on the proofs, that one of the conditions annexed to the license had been violated and that according to its spirit the license had become forfeited, added, had this motion been made "while the defendant Sherman was engaged in planing the lumber for Cook, we should have felt bound, as the case was presented before us, ... to have interfered and enjoined him, on the ground that the license set up, not only did not authorize that use of the machine, but that such use was in direct violation of it." Then Judge Nelson went to say that as the defendant had ceased to violate the contract by planing lumber for Cook, and "this particular ground, therefore, for a preliminary injunction had failed, no beneficial

object would be obtained in granting one." He then continued, "It has been urged on the part of the plaintiff, that an injunction should be granted on the ground of the forfeiture of the license, the defendant Sherman having violated one of the express conditions upon which it was granted. We think that this would be too rigorous an exercise of the power of the court, under all circumstances that appear in this case." And he further added that if the defendant did not thereafter conform to the terms of the license "the plaintiff will be at liberty to file a a supplemental bill, and move again, in case of the renewal of the violation of the condition in question, or of any condition annexed to the agreement.

In the case of Magic Ruffle Co. *vs.* Elm City Co., 13 Blatchf., 157, Judge Shipman said: "Although the suit is upon the contract, the damage to the complainants, if any, is the damage which they have sustained from injury to their patent rights. The ascertainment of the facts from which such damages can be estimated, is, in the case of injury to property and in letters patent, peculiarly in the province of a court of equity, because the facts from which such damages are to be computed can only be ascertained by an account and a discovery of the number and amount of articles which have been sold by the defendants — facts which are exclusively within their knowledge. They alone have the evidence which can enable complainants to recover, either at law or in equity."

And also: "If the complainants were seeking to recover royalties which the defendants had agreed to pay, inasmuch as the account is particularly within the knowledge of the defendants, or *if the patent was still in existence and the preventive remedy of injunction against future injuries could be administered, there would be no question that a bill in equity would be a proper remedy.* In this case the defendants had not agreed to pay royalties, and an injunction cannot be granted, inasmuch as the patent has now expired."

And in Hartell *vs.* Tilghman, 99 U. S. 555, the court said: "If he (the licensor) desires to enforce the agreement for executing a written contract of license, he can bring a suit in equity for specific performance, and with or without that specific relief ask the court to *enjoin them from using the patented process until they execute the agreement and comply with its requirements.*

In Goodyear *vs.* The Congress Rubber Co. *supra*, the court said (p. 555): "When a license is granted to any one to use a patent in the manufacture of goods, which license is accompanied with an obligation in favor of the patentee on the part of the one to whom it is granted, to do or not to do a particular thing, and which obligation is the consideration upon which the license is granted, he upon whom the obligation rests must perform it, and if he will not perform it, an injunction will be granted to restrain him from any further right to use the patent under the license. The bill is therefore sufficient for the purpose of compelling the Congress Rubber Co. to pay the tariffs due the plaintiff since the assignment by Day to them."

Eureka Co. *vs.* Bailey, 11 Wall. 488, was a bill in equity by a licensor against a licensee, setting forth the license, the compliance by the defendant for a time, with the covenants in the license, and the subsequent refusal by the defendant to account as the license required, or to pay royalties. The bill prayed for discovery of the number of machines made, an account and decree for the sum due, and an injunction against the use of the patent until the sum found due should be paid.

The defendant answered, and upon full hearing the Circuit Court rendered a decree according to the prayer of the bill. On appeal to this court, the decree below was sustained, the only ground for jurisdiction in equity being the license and the refusal of the licensee to perform his covenants under the license.

And the language of the Supreme Court in Root *vs.* Railway Co., 105 U. S. 189, regarding Eureka Co. *vs.* Bailey, entirely supports the plaintiffs' position in the case. The court said: "Eureka Company *vs.* Bailey Company (11 Wall. 488), is no exception to this remark; although in respect to it the observation has been made, that the injunction prayed for in that case was incidental to the account, and not *vice versa*. That, however, is a misconception; for, unless upon the ground of a difference of citizenship, the court would not have had jurisdiction to entertain the bill in that case, if it had not prayed for an injunction. For the mere purpose of enforcing the contract for the royalty, it was not a case arising under the patent laws, so as to give jurisdiction to the courts of the United States. It was because the defendant was guilty of an infringement of the complainant's patent that he was suable in equity in these courts, and to restrain that an injunction was asked until he should pay what he had promised. The object of the suit doubtless was to collect the royalty; but it was sought by means of, and therefore as an incident to, the jurisdiction of the court, invoked for the purpose of enjoining the continuance of what, until the royalty was acknowledged and paid, was found to be an infringement."

In the case of Foster *vs.* Goldschmidt, . Fed. Rep. , after a very full consideration of the different issues raised by the pleadings in the case, the court held that the articles (glove fastenings) which the defendants were using and on which they had refused to pay any royalty under their license — for which refusal they assigned various reasons — were within the terms of the license, and said "this consideration disposed of all the important questions in the case. There is no reason to suppose that the defendants have desired to disregard the complainants' rights but they have acted upon false construction of the agreement. *A decree for an injunction and an accounting is ordered for the complainant.*"

In the case of Washburn & Moen Manufacturing Co. *vs.* Schutt & Co., 22 Fed. Rep. 710, a bill in equity was brought by a lessor against a lessee, and pending the hearing the court ordered sworn monthly reports to be filed in court by the defendant and security for the payment of all royalties that might thereafter be found due, and this being done refused to issue the injunction.

In the case of the Washburn Moen Mfg. Co. *vs.* Cincinnati Barbed Wire Fence Co., the court while refusing the prelimary injunction upon the ground that the lessor had lost control of the market to such an extent that he was not entitled to that relief, seems to have assumed, in the reasons given for refusing the injunction, that there was jurisdiction in equity over the case.

And on this ground of the plaintiff's right to an injunction may be rested the jurisdiction in the cases of McKay *vs.* Jackson, 17 Fed. Rep. 641, McKay *vs.* Mace, 24 Fed. Rep. 76, and Pope Manufacturing Co. *vs.* Owsley, 27 Fed. Rep. 100, though in all these cases the court appears to rest the jurisdiction more especially on other grounds.

2d. This bill is also maintainable on the ground of discovery and for an account, which cannot be properly settled in a suit at law.

The rule as to jurisdiction in equity on the ground of accounts is stated by Story, 1 Eq. Jur., § 457:

"In cases of mutual accounts *founded on privity of contract*, this doctrine (of jurisdiction in equity) is, in English courts, acted upon in the most ample manner in our day, without any limitation, as it certainly is fully maintained in America."

And as a result of all the cases the rule as to jurisdiction in equity on the ground of accounts is thus stated in Kerr. on Inj. (Ed. of 1880), p. 362: "But it is not necessary to make out

a case of mutual accounts. If the account is, not merely from the number of its items, but from its nature, so complex that it cannot be properly or practically taken at law, jurisdiction will be entertained although there be no reciprocity of receipts and payments."

And if this be the rule in general, as applied in the courts of law of different states, where there is almost invariably some means for aiding a jury, as in Massachusetts by an auditor, and in New York and many other States by a referee, how necessarily liberal must be the construction of this rule in a jurisdiction where there is, as has been held in the district where this case arose, no opportunity to have the aid of an auditor, or in any way to simplify the work of dealing with a long and complex account, by a jury.

Under such circumstances, and with such restrictions, it cannot but be practically impossible for a jury to deal in any suitable or adequate way with this case. How would it be possible for a jury trial to be so conducted, as to enable twelve ordinary jurymen, in any limit of time available for such a trial, to go over all the books and figures, covering some five or six years, that must be examined in this case, and to find out accurately the entire number of pairs of boots and shoes sewed during that time, and then to make an accurate computation, such as the plaintiff is entitled to have made, of the number of pairs belonging to each one of the different classes shown in the schedule attached to the lease, and to find the amount due for all these different classes, with its different license fee for each class.

The mere statement of the question shows, it is submitted, the gross inadequacy of such relief, and puts beyond reasonable doubt the propriety, and the necessity, of dealing with the complications and perplexities of such an account, in a court of equity rather than before a jury.

And the right to go into equity for an account has been repeatedly asserted and upheld in cases like the one before the court.

In McKay *vs.* Jackman, Fed. Rep. 641 (Southern Dist. of N. Y.), the court assumed the point as too clear for discussion. And in McKay *vs.* Mace (Eastern Dist. of Penn.), in which as the court says, they had the "assistance of an argument of uncommon vigor and clearness on both sides," the jurisdiction in equity was sustained, the court saying: "These (discovery and account) are recognized heads of equity jurisdiction, and are cognizable in this court, although the groundwork of the relief sought is a contract touching the use of Letters Patent, because adequate relief cannot be obtained in a court of law. There must therefore be a decree in favor of the complainant for discovery and an account as prayed for."

And in both these cases it is to be noticed that the bill was in all material respects exactly like the one in the case now before this court, —all these three bills being, in fact, printed copies from the same form.

And in White *vs.* Lee, *supra* (S. C. 14 Fed. Rep. 789, and S. C. Fed. Rep. 916), where the license was apparently copied from the one now before the court and contained the same provisions as to keeping accounts and rendering statements, the court (Lowell, J.) allowed the bill, which was originally brought against the licensee as an infringer, on the ground that the license had been forfeited by non-payment of royalties, to be amended into a bill for discovery and an account of license fees, holding that the plaintiff was entitled to the discovery sought and to an account (See 14 Fed. Rep., p. 919).

And in the case of Pope Manufacturing Co. *vs.* Owsley, 27 Fed. Rep. 100, it was held that there was, upon the facts of that case, jurisdiction in equity on the ground of discovery and for an account. In that case the accounts were apparently

somewhat complicated and the licensees had distinctly covenanted, as in our case, to render accounts to the licensor.

In the opinion the court says (p. 104): "The first, and substantially the only, question raised by the defendant in the original bill, is that the complainant has a complete remedy at law, and, therefore, a court of equity has no jurisdiction. Upon this point I think the case made by the bill, showing an agreement by which the defendants were to report monthly the number of machines made under their licenses, and a covenant . . . not to dispute the validity of the patents mentioned in the licenses, and that the defendants had violated their agreements in all these particulars, makes a clear case for the interposition of equity. The covenant to make a monthly report is, in fact, a covenant for a monthly discovery by the defendants of the work done by them under the complainant's patents."

In opposition to this weight of reason and authority, the principal reliance of the appellants, for the right to maintain this bill, is found in the three cases—Purifier Co. *vs.* Wolf; Washburn & Moen Mfg. Co. *vs.* Freeman Wire Co.; and Washburn & Moen Mfg. Co. *vs.* Cincinnati Barbed Wire Fence Co.—all of which seem to rest more or less on a misconception as to the precise point decided in Root *vs.* Railway Co.

The decree of the Circuit Court should be affirmed with costs, if the appeal is not dismissed.

JAMES J. MYERS,
Of Counsel.

Office Supreme Court, U. S.
FILED.
DEC 19 1895
JAMES H. McKENNEY,
Clerk.

SUPREME COURT OF THE UNITED STATES.

OCTOBER TERM, 1895.

No. 83.

FRANK W. SMITH ET AL.,
APPELLANTS,

v.

GORDON McKAY, TRUSTEE,
APPELLEE.

BRIEF FOR APPELLANTS IN REPLY.

CAUSTEN BROWNE,
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To his point that the question of jurisdiction in this case is not properly certified from the court below, the appellee, on page 9 of his brief, cites a number of cases to show that "a certificate from the Circuit Court of the question of jurisdiction to be decided is an absolute prerequisite for the exercise of jurisdiction by this court." The four first cases cited by the appellee decide that, and nothing more, and the proposition is not disputed.

Cincinnati H. & D. R.R. Co. v. *McKeen*, 149 U.S. 259, was a case of questions certified by the court below to obtain the instruction of this court. By rule 37 of this court, it is required that the facts on which such questions arise shall be stated. This was not done, but the record was sent up bodily. Under these circumstances this court refused to consider the questions. The case has no relevancy to the case at bar.

Columbus Watch Co. v. *Robbins*, 148 U.S. 266, was a case in which the Circuit Court of Appeals undertook to send up a question of law for instruction by this court, but failed to do so. In the certificate the question of law was stated, and it was said that there was a conflict of opinion between different circuits, and the certificate closed thus: "As the judgment of this court differs from that of a co-ordinate court, the instruction of the Supreme Court is respectfully requested upon the question." This court refused to consider the question, saying, "The assertion of the existence of such difference, and the wish that it might be determined by this court, is not equivalent to the expression of a desire for instruction as to the proper decision of a specific question or questions," etc. For all that appeared, the court below might have had no doubt that it was right in its view of the question.

The remaining case cited by the appellee is *Shields* v. *Coleman*, 157 U.S. 168, and on that case, as on the case *In re Lehigh Co.*, 156 U.S. 322, we confidently rely.

These two cases appear to be the only cases in which this court has considered the question, *What is a sufficient certificate of* the question of jurisdiction?

The case at bar is directly within the rule of construction of the certificate which is stated and applied in those cases.

Referring to pages 34 and 35 of the record, we find this perfectly simple state of facts:

The defendants below appeal upon the ground that the court erred in taking jurisdiction of the bill, and in not dismissing the bill for want of jurisdiction; and pray that their appeal be allowed, and the question of jurisdiction certified to the Supreme Court of the United States.

On the same day "*said appeal* is allowed," and a citation issued.

Next, the clerk certifies "that the foregoing is a true copy of so much of the record as is necessary for the determination of *the* question [showing that there was but one question] of jurisdiction;" and adds, "I further certify that, annexed hereto," and by annexing he makes them part of his certificate, "are true copies of the following papers." The first of these papers is the "opinion of the court, announced November 27, 1886, in accordance with which defendant's motion to dismiss this cause was denied."

And on looking at the opinion of the court, thus made part of the clerk's certificate, we find at the very outset an explicit statement: "The defendants have filed a motion to dismiss in each case on the ground that the plaintiff has a plain, adequate, and complete remedy at law." And this motion the court denies.

In regard to the point made by appellee that the question of adequate remedy at law is not a question of jurisdiction within the meaning of the act of 1891, it is stated in the appellee's brief that "precisely the same question found in the appeal now before this court" was raised in the case of the *World's Columbian Exposition* v. *The United States*. The brief says that, to the claim of the government that the defendants should be enjoined from opening on Sundays because they had agreed that they would not do so, and had accepted a gift of money from the United States on condition of so agreeing, the defendants replied that there was a plain, adequate, and complete remedy at law to be had by suing to recover back so much as had been paid over by the government under this arrangement. This is a mistake. The defendants did not raise any question whatever of adequate

remedy at law. And they could not do so, because the relief, and the only relief, sought by the plaintiff was injunction. There could be no dispute as to equity jurisdiction, and there was none. There was no suggestion anywhere in the defendants' answer that equity jurisdiction was in question. The answer set out the various defences, and then prayed the same benefit as if the defendants had demurred for want of equity. The Court of Appeals rightly held that no question of jurisdiction had been raised or was involved in the case. In passing upon the plaintiff's claim to an injunction to restrain breach of the contract made by the defendants, Chief Justice FULLER, in his opinion, says that this would be in effect a bill for specific performance, and, as one reason why the court would not undertake to enforce such a contract, says that the United States could recover at law all the money they had advanced. This is the only allusion in the case to the question of adequate remedy at law.

On the question whether the plaintiff below in the case at bar has an adequate remedy at law, his brief enumerates six covenants, for the breach of neither of which, he says, the law provides any adequate remedy.

But it will be noticed that all these covenants are merely covenants to furnish the lessor with certain facilities for ascertaining the amount of money due. The information they provide for can be obtained by examination of the defendants and their men and their books. The remedy at law for the defendants refusing to give the information which they covenant to give, is to put them on the stand with their books and make them give it. It is a *more* sure way of getting at the facts than to have the defendants' written reports.

Finally, the appellee asks no relief on either of these six covenants.

The appellee says that forfeiture of the lease is not an adequate remedy at law. The first reason he gives is that forfeiture would release the appellants from their covenants not to infringe or contest the validity of the patent. If this is true, it is no more than to say that the remedy of forfeiture — which fully answers all purposes of injunction — is subject to certain disadvantages outside of the matter of collecting royalty.

The next reason stated is that, by declaring forfeiture, the plaintiff "lost his right to bring other and after-acquired machines, containing any or all of the patents included in the license, under the lease." This is immaterial for the same reason.

The third reason given why forfeiture would not be an adequate remedy at law is that the plaintiff "lost his right to have an indicator on such after-acquired machine to register the number of pairs of boots and shoes sewed by the use of it; and, in general, to have this machine brought under all the requirements that apply to the leased machines." Nothing further needs to be said to dispose of this point.

Similar covenants to keep and render accounts, and not to contest the validity of the patent, were contained in the lease in *Washburn & Moen Mfg. Co.* v. *Cincinnati Barbed Wire Fence Co.*, decided by Justice JACKSON, as stated on page 11 of our principal brief. This appears by a certified copy of the bill in that case, which we submit herewith.

CAUSTEN BROWNE.
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